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# INCOME TAX PROCEEDINGS,

## BOMBAY, NOVEMBER 1886.

(COMPILED BY THE FINANCIAL DEPARTMENT OF THE SECRETARIAT.)

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# Act No. II of 1886.

*An Act for imposing a Tax on income derived from sources other than agriculture.*

CONTENTS.


CHAPTER I.

PRELIMINARY.

SECTION.

1. Extent and commencement.
2. Repeal.
3. Definitions.

CHAPTER II.

LIABILITY TO TAX.

4. Incomes liable to the tax.
5. Exceptions.
6. Power to make exemptions.

CHAPTER III.

ASSESSMENT AND COLLECTION.

**A.—Salaries and Pensions.**

7. Mode of payment in case of Government officials and pensioners.
8. Mode of payment in case of servants and pensioners of local authorities.
9. Mode of payment in case of servants and pensioners of companies and private employers.
10. Annual return by principal officer of company or association.

**B.—Profits of Companies.**

11. Annual statement of nett profits.
12. Power to require officers of companies to produce accounts.

**C.—Interest on Securities.**

13. Mode of payment of tax on interest on securities.

**D.—Other Sources of Income.**

*Ordinary Mode of Assessment and Collection.*

14. Collector to determine persons chargeable.
15. Mode of making assessment.
16. List of incomes under two thousand rupees
17. Notices to persons with incomes of two thousand rupees and upwards.
18. Power to modify ordinary procedure in special cases.
19. Time and place of payment.

*Trustees, Agents, Managers and Incapacitated Persons.*

20. Trustees, guardians and committees of incapacitated persons to be charged.
21. Non-residents to be charged in names of their agents.
22. Receivers, managers, Courts of Wards, Administrators General and Official Trustees.
23. Power to retain duties charged on trustees, &c.

*Occupying Owners.*

24. Provision for tax on occupying owners.

CHAPTER IV.

SECTION.

REVISION OF ASSESSMENT.

25. Petition to Collector against assessment under Part IV.
26. Hearing of petition.
27. Petition to Commissioner for revision.
28. Power to summon witnesses, &c.

CHAPTER V.

RECOVERY OF ARREARS OF TAX.

29. Tax when payable.
30. Mode and time of recovery.

CHAPTER VI.

SUPPLEMENTAL PROVISIONS.

*Composition.*

31. Agreements for composition.

*Receipts.*

32. Receipts and their contents.

*Amendment of Assessment.*

33. Amendment of assessment.

*Penalties.*

34. Failure to make payments or deliver returns or statements.
35. False statement in declaration.
36. Prosecution to be at instance of Collector.
37. Sections 193 and 228 of Penal Code to apply to proceedings.

*Power to make Rules.*

38. Power to make rules.

*Miscellaneous.*

39. Bar of suits in Civil Court.
40. Exercise of powers of Collector and Commissioner.
41. Obligation to furnish information respecting lodgers and employés.
42. Trustees and agents to furnish information as to beneficiaries and principals.
43. Trustees, &c., to furnish information as to income.
44. Obligation to furnish other information.
45. Sections 176 and 177 of Penal Code to apply to requisitions for information.
46. Service of notices.
47. Power to declare principal place of business or residence.
48. Saving in favour of payers of Pándhari and capitation taxes.
49. Indemnity.
50. Powers exerciseable from time to time.

THE FIRST SCHEDULE.—ENACTMENTS REPEALED.

THE SECOND SCHEDULE.—SOURCES OF INCOME AND RATES OF TAX.

THE THIRD SCHEDULE.—FORM OF PETITION.

# Act No. II of 1886.

*An Act for imposing a tax on Income derived from sources other than agriculture.*

WHEREAS it is expedient to impose a tax on income derived from sources other than agriculture; It is hereby enacted as follows:—

## CHAPTER I.

### PRELIMINARY.

Extent and commencement.

**1.** (*1*) This Act extends to the whole of British India, and applies also, within the dominions of Princes and States in India in alliance with Her Majesty, to British subjects in those dominions who are in the service of the Government of India or of a local authority established in the exercise of the powers of the Governor General in Council in that behalf; and

(*2*) It shall come into force on the first day of April 1886.

(*3*) Any power conferred by this Act to make rules or to issue orders may be exercised at any time after the passing of this Act; but a rule or order so made or issued shall not take effect until the Act comes into force.

Repeal.

**2.** On and from the day on which this Act comes into force the enactments specified in the first schedule to this Act shall be repealed, except as to fees payable and other sums due under those enactments and the mode of recovering the same.

Definitions.

**3.** In this Act, unless there is something repugnant in the subject or context,—

(*1*) "local authority" means any municipal committee, district board, body of port commissioners or other authority legally entitled to, or entrusted by the Government with, the control or management of any municipal or local fund:

(*2*) "company" means an association carrying on business in British India, whose stock or funds is or are divided into shares and transferable, whether the company is incorporated or not, and whether its principal place of business is situate in British India or not:

(*3*) "prescribed" means prescribed by the Governor General in Council by notification in the *Gazette of India*, or by the Governor General in Council or a Local Government by rules made under this Act.

(*4*) "salary" includes allowances, fees, commissions, perquisites or profits received, in lieu of or in addition to a fixed salary, in respect of an office or employment of profit; but subject to any rules which may be prescribed in this behalf, it does not include travelling, tentage, horse or sumptuary allowance, or any other allowance granted to meet specific expenditure:

(*5*) "income" means income and profits accruing and arising or received in British India, and includes, in the case of a British subject within the dominions of a Prince or State in India in alliance with Her Majesty, any salary, annuity, pension or gratuity payable to that subject by the Government or by a local authority established in the exercise of the powers of the Governor General in Council in that behalf:

(*6*) "Magistrate" means a Presidency Magistrate or a Magistrate of the first or second class:

(*7*) "person" includes a firm and a Hindu undivided family:

(*8*) "defaulter" includes a company or firm making default under this Act:

(*9*) "Collector" means the chief officer in charge of the revenue-administration of a district, and in a presidency-town any officer whom the Local Government, by notification in the official Gazette, may, by name or by virtue of his

office, appoint to be a Collector for the purposes of this Act; in the case of a company or firm, it means the Collector, as here defined, of the district or presidency-town in which its principal place of business in British India is situate; and, in the case of any other person chargeable under this Act, it means the Collector, defined as aforesaid, of the district or presidency-town in which the person has his residence:

(*10*) "principal officer," used with reference to a local authority or a company or any other public body or association not being a local authority or company, means—

(*a*) the secretary, treasurer, manager or agent of the authority, company, body or association; or

(*b*) any person connected with the authority, company, body or association upon whom the Collector has caused a notice to be served of his intention of treating him as the principal officer thereof: and

(*11*) "Part" means a Part of the second schedule to this Act.

## CHAPTER II.

### Liability to Tax.

Incomes liable to the tax.

**4.** Subject to the exceptions mentioned in the next following section, there shall be paid, in the year beginning with the first day of April 1886, and in each subsequent year, to the credit of the Government of India, or as the Governor General in Council directs, in respect of the sources of income specified in the first column of the second schedule to this Act, a tax at the rate specified in that behalf in the second column of that schedule.

Exceptions.

**5.** (*1*) Nothing in section 4 shall render liable to the tax—

(*a*) any rent or revenue derived from land which is used for agricultural purposes and is either assessed to land-revenue or subject to a local rate assessed and collected by officials of the Government, as such; or

(*b*) any income derived from—

(i) agriculture, or

(ii) the performance by a cultivator or receiver of rent-in-kind of any process ordinarily employed by a cultivator or receiver of rent-in-kind to render the produce raised or received by him fit to be taken to market, or

(iii) the sale by a cultivator or receiver of rent-in-kind of the produce raised or received by him, when he does not keep a shop or stall for the sale of such produce; or

(*c*) any building owned and occupied by the receiver of the rent or revenue of any such land as is referred to in clause (*a*), or by the cultivator, or the receiver of rent-in-kind, of any land with respect to which or the produce whereof, any operation mentioned in clause (*b*) is carried on:

Provided that the building is on or in the immediate vicinity of the land, and is a building which the receiver of the rent or revenue or the cultivator or the receiver of the rent-in-kind, by reason of his connection with the land, requires as a dwelling-house, or as a store-house, factory or other out-building: or

(*d*) any profits of a shipping company incorporated or registered out of British India and having its principal place of business out of India and its ships ordinarily engaged in sea-going traffic out of Indian waters; or

(*e*) any income derived from property solely employed for religious or public charitable purposes; or

(*f*) any income which a person enjoys as a member of a company or of a firm or of a Hindu undivided family when the company or the firm or the family is liable to the tax; or,

(*g*) subject to any conditions and restrictions which may be prescribed in this behalf, such portion, not exceeding one-sixth, of the income in respect whereof a person would, but for this exception, be chargeable under this Act, as is deducted from the salary of the person under the authority or with the permission of the Government for the purpose of securing a deferred annuity to him or a provision to his wife or children after his death or is paid by the person to an insurance company in respect of an insurance or deferred annuity on his own life or on the life of his wife; or

(*h*) any interest on stock-notes; or

(*i*) the salary of any officer, warrant-officer, non-commissioned officer or private of Her Majesty's Forces or of Her Majesty's Indian Forces who is not in an employment which, according to the ordinary practice, is held indifferently by military persons and civilians, and whose salary does not exceed five hundred rupees per mensem; or

(*j*) any person whose income from all sources is less than five hundred rupees per annum.

(*2*) An officer or servant is not exempt from taxation under this Act by reason only of the income of his employer being exempt therefrom under this section.

Power to make exemptions.

**6.** The Governor General in Council may, by notification in the *Gazette of India*, exempt from liability to the tax the whole or any part of the income of any class or tribe, or of any persons residing in any specified area, and may, by a like notification, revoke the exemption.

## CHAPTER III.

### ASSESSMENT AND COLLECTION.

### A.—Salaries and Pensions.

Mode of payment in case of Government officials and pensioners.

**7.** In the case of a person receiving any salary, annuity, pension or gratuity from the Government, any sum payable to him by the Government in respect of the salary, annuity, pension or gratuity shall be reduced by the amount of the tax to which he is liable under Part I. in respect thereof.

Mode of payment in case of servants and pensioners of local authorities.

**8.** (*1*) In the case of a person receiving any salary, annuity, pension or gratuity from a local authority, the tax to which he is liable under Part I. shall, at the time of the payment to him of any of the salary, annuity, pension or gratuity, be deducted therefrom by the officer whose duty it is to make the payment, and be paid by that officer within the prescribed time to the credit of the Government of India or as the Governor General in Council directs.

(*2*) If that officer does not deduct and pay the tax as required by sub-section (*1*), he shall, without prejudice to any other consequences which he may incur, be deemed to be personally in default in respect of the tax.

(*3*) If, when any payment is made, the tax is from any cause not deducted, it may, and on the requisition of the Collector shall, be deducted when any salary, annuity, pension or gratuity is subsequently paid to the person liable to the tax.

(*4*) The power to deduct under this section shall be without prejudice to any other mode of recovery.

Mode of payment in case of servants and pensioners of companies and private employers.

**9.** (*1*) The tax to which a person receiving any salary, annuity, pension or gratuity from a company, or from any other public body or association not being a local authority or company, or from a private employer, is liable under Part I. shall be payable by him at the time when any portion of the salary, annuity, pension or gratuity is paid to him.

(*2*) The Collector may, subject to such conditions as may be prescribed, enter into an arrangement with any company, or any such body or association as aforesaid, or any private employer, with respect to the recovery on behalf of the Government by the company, body, association or employer of the tax to which any person receiving any salary, annuity, pension or gratuity from the company, body, association or employer is liable under Part I.

Annual return by principal officer of company or association.

**10.** The principal officer of every local authority, and of every company, and of every other public body or association not being a local authority or company, shall prepare, and, on or before the fifteenth day of April in each year, deliver or cause to be delivered to the Collector, in the prescribed form, a return in writing showing—

(*a*) the name of every person who is receiving at the date of the return any salary, annuity, or pension, or has received during the year ending on that date any gratuity from the authority, company, body or association, as the case may be, and the address of every such person so far as it is known; and

(*b*) the amount of the salary, annuity, pension, or gratuity so received by each such person, and the time at which the same becomes payable or, in the case of a gratuity, was paid.

### B.—Profits of Companies.

Annual statement of nett profits.

**11.** The principal officer in British India of every company shall prepare, and, on or before the fifteenth day of April in each year, deliver or cause to be delivered to the Collector, a statement in writing signed by him of the nett profits made in British India by the company during the year ending on the day on which the company's accounts have been last made up, or, if the company's accounts have been made up within the year ending on the thirty-first day of March in the year immediately preceding that for which the assessment is to be made, then of the nett profits so made during the year ending on the said thirty-first day of March.

Power to require officers of companies to produce accounts.

**12.** (*1*) If the Collector has reason to believe that a statement delivered under section 11 is incorrect or incomplete, he may cause to be served on the principal officer of the company a notice requiring him, on or before a date to be therein mentioned, either to attend at the Collector's office and produce, or to cause to be there produced, for the inspection of the Collector such of the accounts of the company as refer to the year to which the statement relates and as are in his possession or power.

(*2*) On the day specified in the notice, or as soon afterwards as may be, the Collector shall, by an order in writing, determine the amount at which the company shall be assessed under Part II, and the time when the amount shall be paid, and subject to the provisions of this Act, that amount shall be payable accordingly.

### C.—Interest on Securities.

Mode of payment of tax on interest on securities.

**13.** (*1*) The tax payable under Part III in respect of the interest on any of the securities mentioned in that Part shall, at the time when and place where any of the interest is paid, be deducted therefrom by the person empowered to pay the interest, and be paid by that person within the prescribed time to the credit of the Government of India or as the Governor General in Council directs.

(*2*) If that person does not deduct and pay the tax as required by sub-section (*1*), he shall, without prejudice to any other consequences which he may incur, be deemed to be personally in default in respect of the tax.

### D.—Other Sources of Income.

*Ordinary Mode of Assessment and Collection.*

Collector to determine persons chargeable.

**14.** The Collector shall, from time to time, determine what persons are chargeable under Part IV, and the amount at which every person so chargeable shall be assessed.

Mode of making assessment.

**15.** (*1*) The assessment shall be made upon the income accruing to the person during the year ending on the day on which his accounts have been last made up, or if his accounts have not been made up within the year ending on the thirty-first day of March in the year immediately preceding that for which the assessment is to be made, then upon the income accruing to him during the year ending on the said thirty-first day of March.

(*2*) In the case of a person for the first time becoming chargeable under Part IV within the year for which the assessment is to be made or within the year next before that year, the assessment shall be made according to an average of his income for such period as the Collector, having regard to the circumstances, directs.

List of incomes under two thousand rupees.

**16.** (*1*) The Collector shall in each year prepare a list of the persons chargeable under Part IV whose annual income does not, in his opinion, amount to two thousand rupees.

(*2*) The list shall be in the prescribed language or languages, and shall state in respect of every such person the following particulars, namely :—

(*a*) his name and the source or sources of the income in respect of which he is chargeable;

(*b*) the year or portion of the year for which the tax is to be paid;

(*c*) the place or places, district or districts, where the income accrues;

(*d*) the amount to be paid ; and

(*e*) the place where, and the person to whom, the amount is to be paid.

(*3*) The list shall be filed in the office of the Collector, with a notification prefixed thereto requiring every person mentioned in the list to pay, within sixty days from a date specified in the notification, the amount stated in the list as payable by him, or to apply to the Collector, within thirty days from that date, to have the assessment reduced or cancelled.

(*4*) The list so filed shall be open to inspection at all reasonable times without any payment.

(*5*) The list, or such part or parts thereof as the Collector thinks fit, with the notification prefixed thereto, shall be further published in such manner as the Local Government may consider to be best adapted for giving information to all persons concerned.

(*6*) The list to be prepared in each year may be the list of the previous year with such amendments as the Collector finds to be necessary.

Notices to persons with incomes of two thousand rupees and upwards.

**17.** In the case of a person chargeable under Part IV whose annual income is, in the Collector's opinion, two thousand rupees or upwards, the Collector shall cause a notice to be served on him stating the particulars (*a*) to (*e*), both inclusive, mentioned in section 16, sub-section (*2*), and requiring him to pay, within sixty days from a date specified in the notice, the amount stated therein as payable by him, or to apply to the Collector, within thirty days from that date, to have the assessment reduced or cancelled.

Power to modify ordinary procedure in special cases.

**18.** (*1*) Notwithstanding anything contained in section 16 or section 17, the Local Government may make rules—

(*a*) authorising or directing a Collector in specified cases, or classes of cases, to include in a list under section 16 any person who is liable to be served with a notice under section 17 instead of or in addition to serving him with such a notice, and to serve a notice under section 17 on any person liable to be included in a list under section 16 instead of or in addition to including him in such a list.

(*b*) authorising the Collector in any specified town or place to cause a general notice to be published, inviting every person chargeable under Part IV to deliver or cause to be delivered to the Collector, within a

time specified in the notice, a return, in a prescribed form published with the notice, of his income during the year ending on the day on which his accounts have been last made up, or, if his accounts have not been made up within the year ending on the thirty-first day of March in the year immediately preceding that for which the assessment is to be made, then of his income during the year ending on the said thirty-first day of March;

(*c*) authorising the Collector in any presidency-town to cause a special notice to be served on any person chargeable under Part IV, inviting him to deliver or cause to be delivered to the Collector, within a time specified in the notice, a return, in a prescribed form accompanying the notice, of his income computed in the manner described in clause (*b*) of this sub-section.

(*2*) A return delivered under rules made under clause (*b*) or clause (*c*) of sub-section (*1*) must state the period during which the income has actually accrued; and there must be added at the foot thereof a declaration that the income shown in the return is truly estimated on all the sources therein mentioned, that it has actually accrued within the period therein stated, and that the person making the return has no other source of income.

(*3*) When a Collector authorized in that behalf by rules made under clause (*b*) or clause (*c*) of sub-section (*1*) has caused a notice to be published or served under those rules, he shall not include any person to whom the notice applies in any list made under section 16 or serve a notice on him under section 17 until the time specified in the notice published or served under those rules has expired.

(*4*) Rules made under this section shall be published in the official Gazette.

Time and place of payment.

**19.** Every amount specified as payable in a list or notice prepared or served under section 16 or section 17 shall be paid within the time, at the place, and to the person, mentioned in the list or notice.

*Trustees, Agents, Managers and Incapacitated Persons.*

Trustees, guardians and committees of incapacitated persons to be charged.

**20.** A person being the trustee, guardian, curator or committee of any infant, married woman subject to the law of England, lunatic or idiot, and having the control of the property of the infant, married woman, lunatic or idiot, whether the infant, married woman, lunatic or idiot, resides in British India or not, shall, if the infant, married woman, lunatic or idiot, is chargeable under Part IV, be chargeable under that Part in like manner and to the same amount as the infant would be chargeable if he were of full age, or the married woman if she were sole, or the lunatic or idiot if he were capable of acting for himself.

Non-residents to be charged in names of their agents.

**21.** Any person not resident in British India, whether a subject of Her Majesty or not, being in receipt, through an agent, of any income chargeable under Part IV, shall be chargeable under that Part in the name of the agent in the like manner and to the like amount as he would be chargeable if he were resident in British India and in direct receipt of that income.

Receivers, Managers, Courts of Wards, Administrators General and Official Trustees.

**22.** Receivers or managers appointed by any Court in India, the Courts of Wards, the Administrators General of Bengal, Madras and Bombay, and the Official Trustees shall be chargeable under Part IV in respect of all income officially in their possession or under their control which is liable to assessment under that Part.

Power to retain duties charged on trustees, &c.

**23.** When a trustee, guardian, curator, committee or agent is, as such, assessed under Part IV,

or when a receiver or manager appointed as aforesaid, a Court of Wards,

an Administrator General or an official Trustee is assessed under that Part in respect of income officially received,

the person or Court so assessed may, from time to time, out of the money coming to his or its possession as trustee, guardian, curator, committee or agent, or as receiver, manager, Court of Wards, Administrator General or Official Trustee, retain so much as is sufficient to pay the amount of the assessment.

*Occupying Owners.*

Provision for tax on occupying owners.

**24.** (*1*) Where a building is occupied by its owner, it shall be deemed a source of income within the meaning of this Act, and, if liable to be assessed under this Act, shall be assessed at five-sixths of the gross annual rent at which it may reasonably be expected to let, and, in the case of a dwelling-house, may be expected to let unfurnished.

(*2*) "Owner," as used in this section with reference to a building, means the person who would be entitled to receive the rent of the building if the building were let to a tenant.

## CHAPTER IV.

### Revision of Assessment.

Petition to Collector against assessment under Part IV.

**25.** (*1*) Any person objecting to the amount at which he is assessed, or denying his liability to be assessed, under Part IV may apply by petition to the Collector to have the assessment reduced or cancelled.

(*2*) The petition shall ordinarily be presented within the period specified in the notification prefixed to the list filed under section 16, or in the notice served under section 17, as the case may be. But the Collector may receive a petition after the expiration of that period if he is satisfied that the objector had sufficient cause for not presenting it within that period.

(*3*) The petition shall, as nearly as circumstances admit, be in the form contained in the third schedule to this Act, and the statements contained in the petition shall be verified by the petitioner or some other competent person in the manner required by law for the verification of plaints.

Hearing of petition.

**26.** The Collector shall fix a day and place for the hearing of the petition, and on the day and at the place so fixed, or on the day and at the place, if any, to which he has adjourned the hearing, shall hear the petition and pass such order thereon as he thinks fit.

Petition to Commissioner for revision.

**27.** Subject to the control of the Local Government, the Commissioner of the Division, on the petition of any person deeming himself aggrieved by an order under section 12, sub-section (*2*), or section 26, shall if the amount of the assessment to which the petition relates is two hundred and fifty rupees or upwards, and may in his discretion if the amount of the assessment is less than two hundred and fifty rupees, call for the record of the case, and pass such order thereon as he thinks fit.

Power to summon witnesses, &c.

**28.** The Collector or Commissioner may, for the purpose of enabling him to determine how the petitioner or the company which he represents should be assessed, summon and enforce the attendance of witnesses and compel them to give evidence, and compel the production of documents by the same means, and as far as possible, in the same manner, as is provided in the case of a Civil Court by the Code of Civil Procedure:

Provided that the Collector or Commissioner shall not call for any evidence except at the instance of the petitioner or in order to ascertain the correctness of facts alleged by him.

## CHAPTER V.

### Recovery of Arrears of Tax.

Tax when payable.

**29.** The tax chargeable under this Act shall be payable at the time appointed in that behalf in or under this Act, or, if a time is not so appointed, then on the first day of June in each year.

Mode and time of recovery.

**30.** (*1*) In any case of default under this Act the Collector, in his discretion, may recover a sum not exceeding double the amount of the tax either as if it were an arrear of land-revenue or by any process enforceable for the recovery of an arrear of any municipal tax or local rate imposed under any enactment for the time being in force in any part of the territories administered by the Local Government to which he is subordinate, or may pass an order that a sum not exceeding double that amount shall be recovered from the defaulter:

Provided that, where a person has presented a petition under section 25, such sum shall not be recoverable from him unless, within thirty days from the passing of the order on the petition, he fails to pay the amount, if any, required by that order.

(*2*) The Local Government may direct by what authority any powers or duties incident under any such enactment as aforesaid to the enforcement of any process for the recovery of a municipal tax or local rate shall be exercised or performed when that process is employed under sub-section (*1*) for the recovery of the tax chargeable under this Act.

(*3*) An order passed by the Collector under sub-section (*1*) shall have the force of a decree of a Civil Court in a suit in which the Government is the plaintiff and the defaulter is the defendant; and the order may be enfored in manner provided by the Code of Civil Procedure for the enforcement of decrees for money; and the procedure under the said Code in respect of the following matters, namely—

XIV of 1882.

(*a*) sales in execution of decrees,

(*b*) arrest in execution of decrees for money,

(*c*) execution of decrees by imprisonment,

(*d*) claims to attached property, and

(*e*) execution of decrees out of the jurisdiction of the Courts by which they were passed, shall apply to every execution issued for levying the sum mentioned in the order; save that all the powers and duties conferred and imposed by the said code upon the Court shall be exercised and discharged by the Collector by whom the order has been made or to whom a copy thereof has been sent for execution according to the provisions of the said Code, sections 223 and 224.

(*4*) The Local Government may direct, with respect to any specified area, that the tax chargeable under this Act shall be recovered therein with, and as an addition to, any municipal tax or local rate by the same person and in the same manner as the municipal tax or local rate is recovered.

(*5*) No proceedings for the recovery of any sum payable under this Act shall be commenced after the expiration of three months from the last day of the year in respect of which the sum is payable.

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## CHAPTER VI.

### Supplemental Provisions.

#### *Composition.*

Agreements for composition.

**31.** (*1*) If a company or person desires to compoundfor the tax assessable under Part II or Part IV, as the case may be, the Collector may, subject to such rules as may be prescribed in this behalf, agree with the company or person for a composition for the tax on such terms and for such period as he thinks fit

(*2*) The agreement shall provide for the payment, in each year of the period comprised in the agreement, of the amount of the composition; and that amount shall be recoverable in the same manner and by the same means as any other assessment made under Part II or Part IV, as the case may be.

*Receipts.*

Receipts and their contents.

**32.** When any money is paid under this Act to the Collector or is recovered thereunder by him, he shall give a receipt for the same, specifying—

(*a*) the date of the payment or recovery of the money;

(*b*) the amount paid or recovered;

(*c*) the person who was liable to the tax, and the source or sources of income in respect of which the tax was payable;

(*d*) the year or part of the year for which the tax was payable;

(*e*) the place or places, district or districts, where the income accrues; and

(*f*) such other particulars, if any, as may be prescribed.

*Amendment of Assessment.*

Amendment of assessment.

**33.** If a company or person assessed under Part II or Part IV ceases to carry on the trade or business in respect whereof the assessment was made, or if any such person dies or becomes insolvent before the end of the year for which the assessment was made, or if any such company or person is, from any other specific cause, deprived of or loses the income on which the assessment was made, then the company or person or its or his representative in interest may apply to the Collector during or within three months after the end of the year, and the Collector, on proof to his satisfaction of any such cause as aforesaid, shall amend the assessment as the case may require, and refund such sum, if any, as has been overpaid.

*Penalties.*

Failure to make payments or deliver returns or statements.

**34.** (*1*) If a person fails—

(*a*) to deduct and pay any tax as required by section 8, sub-section (*1*), or section 13, sub-section (*1*), or

(*b*) to deliver or cause to be delivered to the Collector in due time the return or statement mentioned in section 10 or section 11, or

(*c*) to produce, or cause to be produced, on or before the date mentioned in a notice under section 12, such accounts as are referred to in the notice,

he shall, on conviction before a Magistrate, be punishable with fine which may extend to ten rupees for every day during which the default continues.

(*2*) The Commissioner of the Division may remit wholly or in part any fine imposed under this section.

False statement in declaration.

**35.** If a person makes a statement in a declaration mentioned in section 18, sub-section (*2*), which is false, and which he either knows or believes to be false or does not believe to be true, he shall be deemed to have committed the offence described in section 177 of the Indian Penal Code. XLV of 1860.

Prosecution to be at instance of Collector.

**36.** A person shall not be proceeded against for an offence under section 34 or section 35, except at the instance of the Collector.

Sections 193 and 228 of Penal Code to apply to proceedings.

**37.** Any proceeding under section 12 or Chapter IV of this Act shall be deemed to be a "judicial proceeding" within the meaning of sections 193 and 228 of the Indian Penal Code. XLV of 1860.

*Power to make Rules.*

Power to make rules.

**38.** (*1*) The Governor General in Council may make rules consistent with this Act for ascertaining and determining income liable to assessment for preventing the disclosure of particulars contained in documents delivered or produced with respect to assessments under Part IV, and, generally, for carrying out the purposes of this Act, and may delegate to a Local Government the power to make such rules so far as regards the territories subject to that Government.

(*2*) In making a rule for preventing the disclosure of any particulars referred to in sub-section (*1*), the Governor General in Council may direct that a public servant committing a breach of the rule shall be deemed to have committed an offence under section 166 of the Indian Penal Code :

XLV of 1860.

(*3*) But a person committing any such offence shall not be liable to be prosecuted therefor without the previous sanction of the Local Government.

(*4*) Rules made under this section shall be published in the official Gazette.

*Miscellaneous.*

Bar of suits in Civil Court.

**39.** No suit shall lie in any Civil Court to set aside or modify any assessment made under this Act.

Exercise of powers of Collector and Commissioner.

**40.** All or any of the powers and duties conferred and imposed by this Act on a Collector or on a Commissioner of Division may be exercised and performed by such other officer or person as the Local Government appoints in this behalf.

Obligation to furnish information respecting lodgers and employés.

**41.** An officer or person exercising all or any of the powers of a Collector under this Act may, by notice, require any person to furnish a list, in the prescribed form, containing to the best of his belief,—

(*a*) the name of every inmate or lodger resident in any house used by him as a dwelling-house or let by him in lodgings ;

(*b*) the name of every other person receiving salary or emoluments amounting to forty-one rupees ten annas and eight pies per mensem, or five hundred rupees per annum, or upwards, employed in his service, whether resident in any such house as aforesaid or not ; and

(*c*) the place of residence of such of those persons as are not resident in any such house, and of any inmate or lodger in any such house who has a place of residence elsewhere at which he is liable under this Act to be assessed, and who desires to be assessed at that place.

Trustees and agents to furnish information as to beneficiaries and principals.

**42.** An officer or person exercising all or any of the powers aforesaid may, by notice, require any person whom he has reason to believe to be a trustee, guardian, curator, committee or agent to deliver or caused to be delivered a statement of the names of the persons for or of whom he is trustee, guardian, curator, committee or agent.

Trustees, &c., to furnish information as to income.

**43.** An officer or person exercising all or any of the said powers may, by notice, require a trustee, guardian, curator, committee or agent, or a receiver or manager appointed by any Court in India, or a Court of Wards, Administrator General or Official Trustee, to furnish such returns of income liable to assessment under Part IV as may be prescribed.

Obligation to furnish other information.

**44.** An officer or person exercising all or any of the said powers may, at the instance of any person respecting whose assessment or the amount thereof any doubt exists, require any person to furnish such information as he deems to be necessary for the purpose of ascertaining facts relevant to the assessment or its amount.

Sections 176 and 177 of Penal Code to apply to requisitions for information.

**45.** A person required to furnish any information under section 41, section 42, section 43, or section 44 shall be legally bound to furnish the same in such manner and within such time as may be specified in the requisition for the information.

Service of notices.

**46.** (*1*) A notice under this Act may be served on the person therein named either by a prepaid letter addressed to the person and registered under Part III of the Indian Post Office Act, 1866, or by the delivery or tender to him of a copy of the notice. XIV of 1866.

(*2*) If a notice is served by registered letter, it shall be presumed to have been served at the time when the letter would be delivered in the ordinary course of post, and proof that the letter was properly addressed and put into the post shall be sufficient to raise the presumption that the notice was duly served at that time.

(*3*) If the notice is to be served otherwise than by registered letter, the service shall, whenever it may be practicable, be on the person named in the notice or, in the case of a firm, on some member thereof, or, in the case of a Hindu undivided family, on the manager of the joint estate of the family.

(*4*) But when the person, member or manager cannot be found, the service may be made on any adult male member of his family residing with him; and if no such adult male member can be found, the serving-officer shall fix the copy of the notice on the outer door of the house in which the person, firm or family therein named ordinarily resides or carries on business.

Power to declare principal place of business or residence.

**47.** (*1*) When a company or firm has several places of business in territories subject to different Local Governments, the Governor General in Council may declare which of those places shall, for the purposes of this Act, be deemed to be the principal place of business.

(*2*) When a company or firm has several places of business in the territories subject to a single Local Government, that Government may declare which of them shall, for the purposes of this Act, be deemed to be the principal place of business.

(*3*) When a person has several places of residence in territories subject to different Local Governments, the Governor General in Council may declare which of those places shall, for the purposes of this Act, be deemed to be his residence.

(*4*) When a person has several places of residence in the territories subject to a single Local Government, that Government may declare which of those places shall, for the purposes of this Act, be deemed to be his residence.

(*5*) The powers given by this section may be delegated to and exercised by such officers as the Governor General in Council or the Local Government, as the case may be, appoints in this behalf.

Saving in favour of payers of pándhari and capitation taxes.

**48.** Where a person is in respect of any period liable to the tax under this Act, he shall not in respect of that period be assessed to the pándhari tax levied in the Central Provinces under Act XIV of 1867, or to the capitation-tax, or the land rate in lieu thereof, levied in British Burma under the Burma Land and Revenue Act, 1876. II of 1876.

Indemnity.

**49.** Every person deducting, retaining or paying any tax in pursuance of this Act or of any arrangement under section 9, sub-section (*2*), in respect of income belonging to another person, is hereby indemnified for the deduction, retention or payment thereof.

Powers exerciseable from time to time.

**50.** All powers conferred by or conferrable under this Act may be exercised from time to time as occasion requires.

# THE FIRST SCHEDULE.

ENACTMENTS REPEALED.

*(See Section 2.)*

ACTS OF THE GOVERNOR GENERAL IN COUNCIL.

| Number and year. | Short Title. | Extent of repeal. |
|---|---|---|
| Act No. II of 1878 ... | The Northern India License Act, 1878. | So much as has not been repealed. |
| Act No. VI of 1880 ... | The Indian License Acts Amendment Act, 1880. | The whole. |

ACTS OF THE GOVERNOR OF FORT ST. GEORGE IN COUNCIL.

| Number and year. | Short Title. | Extent of repeal. |
|---|---|---|
| Act No. III of 1878 ... | The Madras License Act, 1878... | So much as has not been repealed. |
| Act No. III of 1880 ... | An act to amend Madras Act III of 1878 as amended by Act VI of 1880. | The whole. |

ACT OF THE GOVERNOR OF BOMBAY IN COUNCIL.

| Number and year. | Short Title. | Extent of repeal. |
|---|---|---|
| Act No. III of 1878 ... | The Bombay License Act, 1878. | So much as has not been repealed. |

ACT OF THE LIEUTENANT-GOVERNOR OF BENGAL IN COUNCIL.

| Number and year. | Short Title. | Extent of repeal. |
|---|---|---|
| Act No. II of 1880... ... | The Bengal License Act, 1880... | The whole. |

# THE SECOND SCHEDULE.

SOURCES OF INCOME AND RATES OF TAX.

*(See Section 4.)*

| FIRST COLUMN. | SECOND COLUMN. |
|---|---|
| Source of Income. | Rate of Tax. |
| **PART I.** SALARIES AND PENSIONS. | |
| 1. Any salary, annuity, pension or gratuity paid in British India to or on behalf of any person residing in British India or serving on board a ship plying to or from British Indian ports, whether on account of himself or another person.<br>2. Any salary, annuity, pension or gratuity paid by the Government, or by a local authority established in the exercise of the powers of the Governor General in Council in that behalf, to or on behalf of a British subject within the dominions of a Prince or State in India in alliance with Her Majesty. | (*a*) If the income amounts to Rs. 2,000 per annum, or Rs. 166-10-8 per mensem, or upwards—five pies in the rupee.<br>(*b*) If the income is less than Rs. 2,000 per annum, or Rs. 166-10-8 per mensem—four pies in the rupee. |

## PART II.

PROFITS OF COMPANIES.

| | |
|---|---|
| Profits of a company ... ... ... ... | Five pies in the rupee on the whole of the net profits made in British India by the company during the year ending on the day on which the company's accounts have been last made up, or, if the company's accounts have not been made up within the year ending on the thirty-first day of March in the year immediately preceding that for which the assessment is to be made, then on the whole of the net profits so made during the year ending on the said thirty-first day of March. |

## PART III.

INTEREST ON SECURITIES.

| | |
|---|---|
| Interest becoming due on or after the first day of April, 1886, and payable in British India, on—<br>(*a*) promissory notes, debentures, stock or other securities of the Government of India, (including securities of the Government of India whereon interest is payable out of British India by draft on any place in British India), or<br>(*b*) bonds or debentures charged by the Imperial Parliament on the revenues of India, or<br>(*c*) debentures or other securities for money issued by or on behalf of a local authority or company. | Five pies in the rupee on such interest, unless the owner of the security produces a certificate signed by the Collector that his annual income from all sources is less than Rs. 500, in which case no deduction shall be made from the interest, or unless he produces a like certificate that his income from all sources is less than Rs. 2,000, in which case the rate shall be four pies in the rupee. |

| FIRST COLUMN. | SECOND COLUMN. |
|---|---|
| Source of Income. | Rate of Tax. |

## PART IV.

OTHER SOURCES OF INCOME.

| | |
|---|---|
| Any source of income not included in Part I., Part II. or Part III. of this schedule. | (*a*) If the annual income is assessed at—<br>not less than Rs. 500 but less than Rs. 750 the tax shall be Rs. 10<br>„ „ „ 750 „ „ „ 1,000 „ „ 15<br>„ „ „ 1,000 „ „ „ 1,250 „ „ 20<br>„ „ „ 1,250 „ „ „ 1,500 „ „ 28<br>„ „ „ 1,500 „ „ „ 1,750 „ „ 35<br>„ „ „ 1,750 „ „ „ 2,000 „ „ 42<br>(*b*) if the annual income is assessed at Rs. 2,000 or upwards,—five pies in the rupee on the income. |

## THE THIRD SCHEDULE.

FORM OF PETITION.

(*See Section 25.*)

TO THE COLLECTOR OF

*The* *day of* *188* .

The petition of *A. B.* of

SHEWETH as follows—

1.—Under Act No. II. of 1886, your petitioner has been assessed in the sum of rupees for the year commencing the first day of April 188 .

2.—Your petitioner's income and profits accruing and arising from [*here specify petitioner's trade or other source or sources of income or profits and the place or places at which such income or profits accrues or arise*] for the year ending the day of last were rupees , [as will appear from the documents of which a list is presented herewith.*]

* *These words are to be inserted if the petitioner relies on documents. The list, if the petitioner so wishes, may be presented in a sealed envelope.*

3.—Such income and profits actually accrued and arose during a period of months and days [*here state the exact number of months and days in which the income and profits accrued and arose.*]

4.—During the said year your petitioner had no other income or profits.

Your petitioner therefore prays that he may be assessed accordingly [*or* that he may be declared not to be chargeable under the said Act.]

(Signed) *A. B.*

*Form of Verification.*

I, *A. B.*, the petitioner named in the above petition, do declare that what is stated therein is true to the best of my information and belief.

(Signed) *A. B.*

S. HARVEY JAMES,
Offg. Secretary to the Government of India."

# TABLE FOR CALCULATING THE TAX UNDER ACT II OF 1886.

| Income. | At 4 pies in the Re. | | | At 5 pies in the Re. | | | Income. | At 4 pies in the Re. | | | At 5 pies in the Re. | | | Income. | At 4 pies in the Re. | | | At 5 pies in the Re. | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Rs. | Rs. | a. | p. | Rs. | a. | p. | Rs. | Rs. | a. | p. | Rs. | a. | p. | Rs. | Rs. | a. | p. | Rs. | a. | p. |
| 1 | 0 | 0 | 4 | 0 | 0 | 5 | 51 | 1 | 1 | 0 | 1 | 5 | 3 | 100 | 2 | 1 | 4 | 2 | 9 | 8 |
| 2 | 0 | 0 | 8 | 0 | 0 | 10 | 52 | 1 | 1 | 4 | 1 | 5 | 8 | 200 | 4 | 2 | 8 | 5 | 3 | 4 |
| 3 | 0 | 1 | 0 | 0 | 1 | 3 | 53 | 1 | 1 | 8 | 1 | 6 | 1 | 300 | 6 | 4 | 0 | 7 | 13 | 0 |
| 4 | 0 | 1 | 4 | 0 | 1 | 8 | 54 | 1 | 2 | 0 | 1 | 6 | 6 | 400 | 8 | 5 | 4 | 10 | 6 | 8 |
| 5 | 0 | 1 | 8 | 0 | 2 | 1 | 55 | 1 | 2 | 4 | 1 | 6 | 11 | 500 | 10 | 6 | 8 | 13 | 0 | 4 |
| 6 | 0 | 2 | 0 | 0 | 2 | 6 | 56 | 1 | 2 | 8 | 1 | 7 | 4 | 600 | 12 | 8 | 0 | 15 | 10 | 0 |
| 7 | 0 | 2 | 4 | 0 | 2 | 11 | 57 | 1 | 3 | 0 | 1 | 7 | 9 | 700 | 14 | 9 | 4 | 18 | 3 | 8 |
| 8 | 0 | 2 | 8 | 0 | 3 | 4 | 58 | 1 | 3 | 4 | 1 | 8 | 2 | 800 | 16 | 10 | 8 | 20 | 13 | 4 |
| 9 | 0 | 3 | 0 | 0 | 3 | 9 | 59 | 1 | 3 | 8 | 1 | 8 | 7 | 900 | 18 | 12 | 0 | 23 | 7 | 0 |
| 10 | 0 | 3 | 4 | 0 | 4 | 2 | 60 | 1 | 4 | 0 | 1 | 9 | 0 | 1,000 | 20 | 13 | 4 | 26 | 0 | 8 |
| 11 | 0 | 3 | 8 | 0 | 4 | 7 | 61 | 1 | 4 | 4 | 1 | 9 | 5 | 1,100 | 22 | 14 | 8 | 28 | 10 | 4 |
| 12 | 0 | 4 | 0 | 0 | 5 | 0 | 62 | 1 | 4 | 8 | 1 | 9 | 10 | 1,200 | 25 | 0 | 0 | 31 | 4 | 0 |
| 13 | 0 | 4 | 4 | 0 | 5 | 5 | 63 | 1 | 5 | 0 | 1 | 10 | 3 | 1,300 | 27 | 1 | 4 | 33 | 13 | 8 |
| 14 | 0 | 4 | 8 | 0 | 5 | 10 | 64 | 1 | 5 | 4 | 1 | 10 | 8 | 1,400 | 29 | 2 | 8 | 36 | 7 | 4 |
| 15 | 0 | 5 | 0 | 0 | 6 | 3 | 65 | 1 | 5 | 8 | 1 | 11 | 1 | 1,500 | 31 | 4 | 0 | 39 | 1 | 0 |
| 16 | 0 | 5 | 4 | 0 | 6 | 8 | 66 | 1 | 6 | 0 | 1 | 11 | 6 | 1,600 | 33 | 5 | 4 | 41 | 10 | 8 |
| 17 | 0 | 5 | 8 | 0 | 7 | 1 | 67 | 1 | 6 | 4 | 1 | 11 | 11 | 1,700 | 35 | 6 | 8 | 44 | 4 | 4 |
| 18 | 0 | 6 | 0 | 0 | 7 | 6 | 68 | 1 | 6 | 8 | 1 | 12 | 4 | 1,800 | 37 | 8 | 0 | 46 | 14 | 0 |
| 19 | 0 | 6 | 4 | 0 | 7 | 11 | 69 | 1 | 7 | 0 | 1 | 12 | 9 | 1,900 | 39 | 9 | 4 | 49 | 7 | 8 |
| 20 | 0 | 6 | 8 | 0 | 8 | 4 | 70 | 1 | 7 | 4 | 1 | 13 | 2 | | | | | | | |
| 21 | 0 | 7 | 0 | 0 | 8 | 9 | 71 | 1 | 7 | 8 | 1 | 13 | 7 | | | | | | | |
| 22 | 0 | 7 | 4 | 0 | 9 | 2 | 72 | 1 | 8 | 0 | 1 | 14 | 0 | | | | | | | |
| 23 | 0 | 7 | 8 | 0 | 9 | 7 | 73 | 1 | 8 | 4 | 1 | 14 | 5 | | | | | | | |
| 24 | 0 | 8 | 0 | 0 | 10 | 0 | 74 | 1 | 8 | 8 | 1 | 14 | 10 | | | | | | | |
| 25 | 0 | 8 | 4 | 0 | 10 | 5 | 75 | 1 | 9 | 0 | 1 | 15 | 3 | | | | | | | |
| 26 | 0 | 8 | 8 | 0 | 10 | 10 | 76 | 1 | 9 | 4 | 1 | 15 | 8 | 2,000 | | | | 52 | 1 | 4 |
| 27 | 0 | 9 | 0 | 0 | 11 | 3 | 77 | 1 | 9 | 8 | 2 | 0 | 1 | 3,000 | | | | 78 | 2 | 0 |
| 28 | 0 | 9 | 4 | 0 | 11 | 8 | 78 | 1 | 10 | 0 | 2 | 0 | 6 | 4,000 | | | | 104 | 2 | 8 |
| 29 | 0 | 9 | 8 | 0 | 12 | 1 | 79 | 1 | 10 | 4 | 2 | 0 | 11 | 5,000 | | | | 130 | 3 | 4 |
| 30 | 0 | 10 | 0 | 0 | 12 | 6 | 80 | 1 | 10 | 8 | 2 | 1 | 4 | 6,000 | | | | 156 | 4 | 0 |
| 31 | 0 | 10 | 4 | 0 | 12 | 11 | 81 | 1 | 11 | 0 | 2 | 1 | 9 | 7,000 | | | | 182 | 4 | 8 |
| 32 | 0 | 10 | 8 | 0 | 13 | 4 | 82 | 1 | 11 | 4 | 2 | 2 | 2 | 8,000 | | | | 208 | 5 | 4 |
| 33 | 0 | 11 | 0 | 0 | 13 | 9 | 83 | 1 | 11 | 8 | 2 | 2 | 7 | 9,000 | | | | 234 | 6 | 0 |
| 34 | 0 | 11 | 4 | 0 | 14 | 2 | 84 | 1 | 12 | 0 | 2 | 3 | 0 | 10,000 | | | | 260 | 6 | 8 |
| 35 | 0 | 11 | 8 | 0 | 14 | 7 | 85 | 1 | 12 | 4 | 2 | 3 | 5 | 15,000 | | | | 390 | 10 | 0 |
| 36 | 0 | 12 | 0 | 0 | 15 | 0 | 86 | 1 | 12 | 8 | 2 | 3 | 10 | 20,000 | | | | 520 | 13 | 4 |
| 37 | 0 | 12 | 4 | 0 | 15 | 5 | 87 | 1 | 13 | 0 | 2 | 4 | 3 | 25,000 | | | | 651 | 0 | 8 |
| 38 | 0 | 12 | 8 | 0 | 15 | 10 | 88 | 1 | 13 | 4 | 2 | 4 | 8 | 30,000 | | | | 781 | 4 | 0 |
| 39 | 0 | 13 | 0 | 1 | 0 | 3 | 89 | 1 | 13 | 8 | 2 | 5 | 1 | 35,000 | | | | 911 | 7 | 4 |
| 40 | 0 | 13 | 4 | 1 | 0 | 8 | 90 | 1 | 14 | 0 | 2 | 5 | 6 | 40,000 | | | | 1,041 | 10 | 8 |
| 41 | 0 | 13 | 8 | 1 | 1 | 1 | 91 | 1 | 14 | 4 | 2 | 5 | 11 | 45,000 | | | | 1,171 | 14 | 0 |
| 42 | 0 | 14 | 0 | 1 | 1 | 6 | 92 | 1 | 14 | 8 | 2 | 6 | 4 | 50,000 | | | | 1,302 | 1 | 4 |
| 43 | 0 | 14 | 4 | 1 | 1 | 11 | 93 | 1 | 15 | 0 | 2 | 6 | 9 | 60,000 | | | | 1,562 | 8 | 0 |
| 44 | 0 | 14 | 8 | 1 | 2 | 4 | 94 | 1 | 15 | 4 | 2 | 7 | 2 | 70,000 | | | | 1,822 | 14 | 8 |
| 45 | 0 | 15 | 0 | 1 | 2 | 9 | 95 | 1 | 15 | 8 | 2 | 7 | 7 | 80,000 | | | | 2,083 | 5 | 4 |
| 46 | 0 | 15 | 4 | 1 | 3 | 2 | 96 | 2 | 0 | 0 | 2 | 8 | 0 | 90,000 | | | | 2,343 | 12 | 0 |
| 47 | 0 | 15 | 8 | 1 | 3 | 7 | 97 | 2 | 0 | 4 | 2 | 8 | 5 | 1,00,000 | | | | 2,604 | 2 | 8 |
| 48 | 1 | 0 | 0 | 1 | 4 | 0 | 98 | 2 | 0 | 8 | 2 | 8 | 10 | | | | | | | |
| 49 | 1 | 0 | 4 | 1 | 4 | 5 | 99 | 2 | 1 | 0 | 2 | 9 | 3 | | | | | | | |
| 50 | 1 | 0 | 8 | 1 | 4 | 10 | | | | | | | | | | | | | | |

No. 380.

FINANCIAL DEPARTMENT.

Bombay Castle, 12th February 1886.

Letter from the Secretary to the Government of India, Department of Finance and Commerce, No. 595, dated 5th February 1886—Forwarding copies of rules* made under Act II. of 1886; and communicating certain remarks and instructions thereon.

* *Vide* Government Notification No. 354, dated 10th February 1886, *post*.

RESOLUTION.— * * * * *

2. The Commissioners should at the same time report whether they would recommend the application of the provisions of Clause (*b*) of Sub-section 1 of Section 18 of the Act in any specified town or place in any district, bearing in mind that these provisions *invite* but do not *compel* persons to deliver returns, and that under Sub-section 3 of the same section the procedure authorised in Clause (*b*) is preliminary only to procedure under Sections 16 or 17.

3. * * * * * *

4. With reference to paragraph 13 of the letter from the Government of India, each Collector should submit a return of companies within his District together with the annual report on the working of the Act which he is required to furnish to Government to enable it to prepare the report on the working of the Act which has to be supplied to the Government of India under Rule 19. The date by which the reports of Collectors should be received by Government will be fixed hereafter.

5. The returns Nos. III., IV., V. and VI. will also have to be submitted by Collectors with their annual reports. The Collectors should carefully consider return No. V. in the light of the experience obtained between April and November next and should furnish on or about December 1st next any suggestions they may wish to make for the improvement of the classification in the return.

6. * * * * * *

7. The special attention of Collectors of Districts should be drawn to the arrangements to be made with Municipalities and Local Boards under Sections 8 and 10 of the Act.

8. It will be observed that under Section 40 of the Act all or any of the powers and duties conferred and imposed by the Act on a Collector may be exercised and performed locally by any officer or person whom Government may specially appoint on this behalf.

9—12. * * * * * *

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# RULES.

## FINANCIAL DEPARTMENT.

*Bombay Castle, 10th February 1886.*

**No. 354.**—The following Notification by the Government of India is republished :—

"DEPARTMENT OF FINANCE AND COMMERCE.

SEPARATE REVENUE.

ASSESSED TAXES.

No. 593.

*Calcutta, the 5th February 1886.*

In exercise of the powers conferred upon him by Act II of 1886, and of all other powers enabling him in this behalf, the Honourable the President in Council is pleased to make the following rules under the said Act :—

1. The time within which amounts deducted from salary, annuity, pension, or gratuity paid by a local authority under section 8, sub-section (1), of the Act must be paid to the credit of the Government of India is fixed at one week from the date of payment of the salary, pension, annuity, or gratuity. The payment to the credit of the Government shall be made by remitting the amount to the Collector with a statement giving the following particulars for each person from whom the tax has been realised :—

(1) Name.

(2) Period for which the salary has been paid.

(3) Amount of salary paid.

(4) Amount of tax.

2. The return required by section 10 of the Act shall be in Form A hereto appended.

3. Any sums, such as payments to regimental mess or band funds or the like, compulsorily stopped from salary by the orders, or with the approval, of Government, shall be deducted from the salary previous to assessment.

A portion of salary withheld in pursuance of an order of a Court is not a sum compulsorily stopped from salary within the meaning of this rule.

4. A deduction made from the amount of salary, pension, or annuity liable to assessment on account of a payment made to a life insurance company must be supported by the receipt of the insurance company for the payment and a copy thereof. When the deduction is claimed by a servant of the Government, or of a local authority, the officer paying the salary, pension, or annuity will compare the original receipt with the copy, return the original, and attach the copy to the salary, pension, or annuity bill if the payee is a Government servant, and to the statement forwarded with the amount of the tax realised under Rule 1, if the payee is a servant of a local authority.

Where the Collector is satisfied that the original receipt of the insurance company cannot be produced without an amount of delay, expense, or inconvenience which, under the circumstances of the case, would be unreasonable, he may accept such other proof of payment of the premium as he may deem sufficient.

5. The amounts exempted from assessment by section 5, sub-section (1) clause (*g*) of the Act and by rule 4 above shall not be deducted from income for the purpose of determining whether the income is liable to the tax, or of determining the rate at which the tax shall be levied.

6. The amount to be assessed under section 24, sub-section (1), of the Act on account of a building occupied by the owner thereof shall not in any case exceed 10 per cent. of the aggregate income of the owner derived from all sources. It will not, however, be understood from this that a maximum of 10 per cent. of the aggregate income of the owner is to be considered equivalent to the letting-value of his house. The letting-value will, in all cases, be ascertained on the best data available, in view of the circumstances of the locality in which the house is situated.

7. Salaries, annuities, and pensions paid in April 1886, though on account of March 1886, are liable to the tax.

8. After the close of the year of assessment each Accountant General or other auditing officer shall submit Return No. 1 in the form hereto appended to such officer as the Local Government may direct.

9. The certificates referred to in the second column of Part III of Schedule II of the Act shall be in Form B or in Form C, hereto appended.

10. Any claim under section 5, sub-section (1), clause (*e*) of the Act to exemption from the levy of the tax on the interest of securities employed solely for religious or public charitable purposes within the meaning of that clause must be supported by a certificate from the Collector, which shall be in Form D hereto appended.

11. In the case of securities, the interest on which is payable by the Government of India, the amount deducted on account of the tax under section 13, sub-section (1) of the Act, shall be paid to the credit of the Government on the same day as the payment of the interest is made.

12 In the case of securities, the interest on which is not payable by the Government of India, the amount so deducted shall be paid to the credit of the Government within one week from the date on which interest is paid. The person deducting the amount should pay it to the credit of the Government by remitting the amount to the Collector with a statement showing the following particulars :—

(1) Name of owner.
(2) Description of security.
(3) Number of „
(4) Date of „
(5) Amount of „
(6) Period for which interest is drawn.
(7) Amount of interest
(8) Amount of tax.

13. Interest on securities belonging to Service Funds shall not be assessed.

14. After the close of the year of assessment each Accountant General and Comptroller shall submit Return No. II in the form hereto appended to such officer as the Local Government may direct.

15. In calculating the amount of tax payable the amount due on a fraction of a rupee shall be neglected. Thus the tax to be realised on a monthly salary of Rs. 166-10-8 is Rs. 4-5-2 only.

16. All public servants are forbidden to make public or disclose, except for the purpose of the working of Act II of 1886, any information contained in documents delivered or produced with respect to assessments under Part IV of the said Act, and any public servant committing a breach of this rule shall be deemed to have committed an offence under section 166 of the Indian Penal Code.

17. Power to make further rules is hereby delegated to the several Local Governments.

18. Each Local Government will prescribe forms of registers to be maintained by Collectors and others for the purpose of showing the demand and collections of the tax, the various classes of incomes assessed, and the working of the several provisions of the Act.

19. After the close of the year of assessment each Local Government will submit to the Government of India in the Financial Department a report on the working of the Act.

20. The following returns in the forms hereto appended will be submitted with that report :—

Return I. } As received from the Accountant General or
„ II. } Comptroller or other Auditing Officer.
„ III.
„ IV.
„ V.
and „ VI.

## FORM A.

(RULE 2.)

*Return made by the Principal Officer of every Local authority, Company, Public body or Association under Section 10.*

Designation of { Local authority / Company / Public body or / Association }

| Name of employé, pensioner, annuitant, or receiver of gratuity. | Address. | Salaries. | | | Pensions or Annuities. | | Gratuities. | |
|---|---|---|---|---|---|---|---|---|
| | | Employment. | Rate of salary. | Dates on which payable. | Rate of pension or annuity. | Dates on which payable. | Amount. | Dates on which paid |
| | | | | | | | | |

## FORM B.

(RULE 9).

I Collector of do hereby certify that the income of * the owner of the $\frac{\text{security}}{\text{securities}}$ specified below, including the interest on $\frac{\text{that security}}{\text{those securities}}$, but excluding income from agriculture, is less than Rs. 500 a year.

*Dated* (Sd.)

*Collector of*

| Description of security. | Number. | Date. | Amount. |
|---|---|---|---|
| | | | |

## FORM C.

(RULE 9.)

I Collector of do hereby certify that the income of * the owner of the $\frac{\text{security}}{\text{securities}}$ specified below, including the interest on $\frac{\text{that security}}{\text{those securities}}$, but excluding income from agriculture, is less than Rs. 2,000 a year.

*Dated* (Sd.)

*Collector of*

| Description of security. | Number. | Date. | Amount. |
|---|---|---|---|
| | | | |

## FORM D.

(RULE 10.)

I Collector of do hereby certify that the interest on the $\frac{\text{security}}{\text{securities}}$ specified below, standing in the name of is employed solely for $\frac{\text{religious}}{\text{public charitable}}$ purposes.

*Dated* (Sd.)

*Collector of*

| Description of security. | Number. | Date. | Amount. |
|---|---|---|---|
| | | | |

* *Vide* Government of India Notification No. 3438, dated 30th September 1886.

## RETURN No. I.

(RULES 8 AND 20.)

*Statement showing the Collections of the Tax under Act II. of 1886, from Salaries, Pensions, Annuities, and Gratuities, paid by Government in the year 188 -8 .*

| Class. | Income. | Paid by the Government. | | | | | | | | Remarks. |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Salaries. | | Pensions and Annuities. | | Gratuities. | | Total. | | |
| | | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| | | | Rs. | | Rs. | | Rs. | | Rs. | |
| I | Rs. 500 but less than Rs. 750 | | | | | | | | | |
| II | 750 „ „ 1,000 | | | | | | | | | |
| III | 1,000 „ „ 1,250 | | | | | | | | | |
| IV | 1,250 „ „ 1,500 | | | | | | | | | |
| V | 1,500 „ „ 1,750 | | | | | | | | | |
| VI | 1,750 „ „ 2,000 | | | | | | | | | |
| | TOTAL I TO VI ... | | | | | | | | | |
| VII | 2,000 but less than 2,500 | | | | | | | | | |
| VIII | 2,500 „ „ 5,000 | | | | | | | | | |
| IX | 5,000 „ „ 10,000 | | | | | | | | | |
| X | 10,000 „ „ 20,000 | | | | | | | | | |
| XI | 20,000 „ „ 30,000 | | | | | | | | | |
| XII | 30,000 „ „ 40,000 | | | | | | | | | |
| XIII | 40,000 „ „ 50,000 | | | | | | | | | |
| XIV | 50,000 „ „ 1,00,000 | | | | | | | | | |
| XV | 1,00,000 and more ... | | | | | | | | | |
| | TOTAL VII TO XV ... | | | | | | | | | |
| | GRAND TOTAL ... | | | | | | | | | |

## RETURN No. II.

(RULES 14 AND 20.)

*Statement showing the Collections of the tax under Act II. of 1886, from interest on securities in the year 188 -8 .*

| Class. | Rate of Tax. | Securities of the Government of India. | | Bonds or Debentures charged by Parliament on revenues of India. | | Securities of Local authority or Company. | | Total. | | Remarks. |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Amount of securities. | Amount of tax. | Amount of securities. | Amount of tax. | Amount of securities. | Amount of tax. | Amount of securities. | Amount of tax. | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | |
| ‡ to VI ... | At 4 pies in the rupee. | | | | | | | | | |
| VII to XV. | At 5 pies in the rupee. | | | | | | | | | |
| | TOTAL ... | | | | | | | | | |

# RETURN No. III.

(RULE 20.)

*Statement showing the Collections of the tax under Act II. of 1886 in the year 188 -8 .*

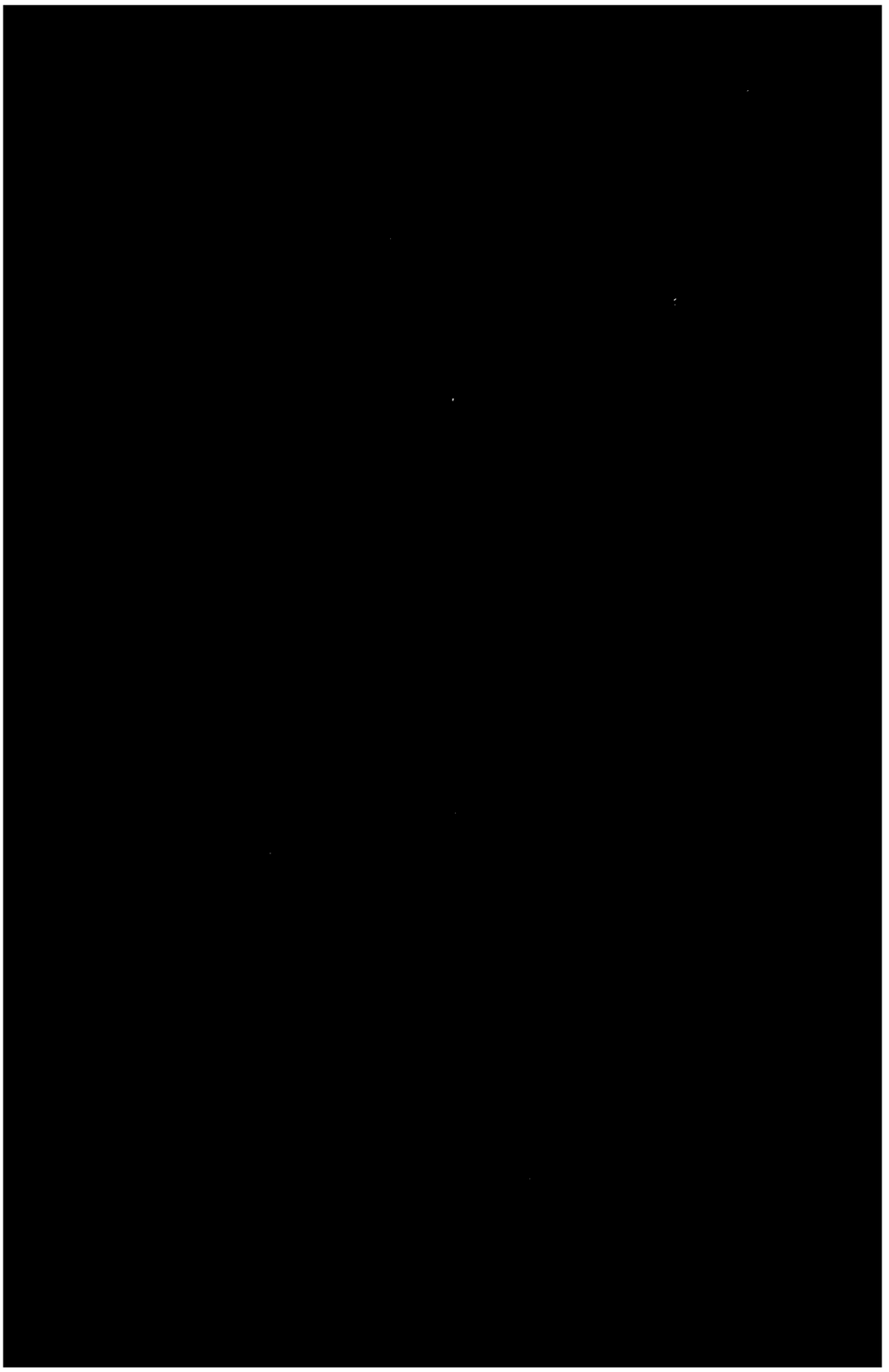
| Class. | Amount of income. | Salaries, pensions, annuities, and gratuities paid by the Government. | | Salaries, pensions, annuities, and gratuities paid by local authorities. | | Salaries, &c., paid by companies, public bodies, associations, and private employers. | | | | Profits of companies. | | Interest on securities. | Other sources of income. | | Total collection of tax. | | Penalties by Collector. | Fines by Magistrate. | Total of 17, 18, and 19. | Refunds. | Net collections. | Remarks. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Tax levied under | | | | | | | | | | | | | | | | |
| | | | | | | Section 9 (1). | | Section 9 (2). | | | | | | | | | | | | | | |
| | | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | Amount of tax. | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| | Rs. Rs. | | Rs. | | Rs. | | Rs | | Rs. | | Rs. | Rs. | | Rs. | | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| I | 500 but less than 750 | | | | | | | | | | | | | | | | | | | | | |
| II | 750 ,, ,, 1,000 | | | | | | | | | | | | | | | | | | | | | |
| III | 1,000 ,, ,, 1,250 | | | | | | | | | | | | | | | | | | | | | |
| IV | 1,250 ,, ,, 1,500 | | | | | | | | | | | | | | | | | | | | | |
| V | 1,500 ,, ,, 1,750 | | | | | | | | | | | | | | | | | | | | | |
| VI | 1,750 ,, ,, 2,000 | | | | | | | | | | | | | | | | | | | | | |
| | TOTAL I TO VI ... | | | | | | | | | | | | | | | | | | | | | |
| VII | 2,000 but less than 2,500 | | | | | | | | | | | | | | | | | | | | | |
| VIII | 2,500 ,, ,, 5,000 | | | | | | | | | | | | | | | | | | | | | |
| IX | 5,000 ,, ,, 10,000 | | | | | | | | | | | | | | | | | | | | | |
| X | 10,000 ,, ,, 20,000 | | | | | | | | | | | | | | | | | | | | | |
| XI | 20,000 ,, ,, 30,000 | | | | | | | | | | | | | | | | | | | | | |
| XII | 30,000 ,, ,, 40,000 | | | | | | | | | | | | | | | | | | | | | |
| XIII | 40,000 ,, ,, 50,000 | | | | | | | | | | | | | | | | | | | | | |
| XIV | 50,000 ,, ,, 1,00,000 | | | | | | | | | | | | | | | | | | | | | |
| XV | 1,00,000 and more ... ... | | | | | | | | | | | | | | | | | | | | | |
| | TOTAL VII TO XV ... | | | | | | | | | | | | | | | | | | | | | |
| | TOTAL ... | | | | | | | | | | | | | | | | | | | | | |

## RETURN No. IV.

(RULE 20.)

*Statement showing the original and final demands and uncollected balances of amounts due under Act II of 1886 in the year 188 -8 .*

| Part of the Act under which the income is assessed. | Original demand. | | Revision by Collector. | | Revision by Commissioner. | | Final demand. | | Penalties by Collector. | | Fines by Magistrate. | | Arrears of previous year. | Total of Columns 9, 11, 13 and 14. | Collections. | | | | | Balance. | Remarks. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | No. of assessees. | Amount of tax. | No. of petitions or objections. | Demand after disposal. | No. of petitions or objections. | Demand after disposal. | No. of assessees. | Amount of tax. | Number. | Amount. | Number. | Amount. | Amount. | | Tax. | Penalties. | Fines. | Arrears. | Total. | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| Chapter III A and Part I, Schedue II ... ... | | | | | | | | | | | | | | | | | | | | | |
| Chapter III B and Part II, Schedule II ... .. | | | | | | | | | | | | | | | | | | | | | |
| Chapter III C and Part III, Schedule II ... .. | | | | | | | | | | | | | | | | | | | | | |
| Chapter III D and Part IV, Schedule II ... ... | | | | | | | | | | | | | | | | | | | | | |
| TOTAL ... | | | | | | | | | | | | | | | | | | | | | |



RETURN No. V.

(RULE 20.)

*Statement showing the Classification of Incomes on account of which the Tax under Act II. of 1886 was collected in the year 188 -8 .*

| Serial No. | Nature of Income. | Class I. Rs. 500 to 750. | | Class II. Rs. 750 to 1,000. | | Class III. Rs. 1,000 to 1,250. | | Class IV. Rs. 1,250 to 1,500. | | Class V. Rs. 1,500 to 1,750. | | Class VI. Rs. 1,750 to 2,000. | | Total of Classes I to VI. | | Class VII. Rs. 2,000 to 2,500. | | Class VIII. Rs. 2,500 to 3,000. | | Class IX. Rs. 3,000 to 10,000. | | Class X. Rs. 10,000 to 20,000. | | Class XI. Rs. 20,000 to 30,000. | | Class XII. Rs. 30,000 to 40,000. | | Class XIII. Rs. 40,000 to 50,000. | | Class XIV. Rs. 50,000 to 1,00,000. | | Class XV. Rs. 1,00,000 and more. | | Total of Classes VII to XV. | | Grand Total. | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | No. of assessees. | Amount of tax. | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 93 |
| | | | Rs. | | Rs. | | Rs. | | Rs. | | Rs. | | Rs. | | Rs. | | Rs. | | Rs. | | Rs. | | Rs. | | Rs. | | Rs. | | Rs. | | Rs. | | Rs. | | Rs. | | Rs. | |
| 1. | Salaries paid by the Government ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. | Pensions and annuities ditto ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. | Gratuities ditto ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. | Salaries paid by Local Authorities... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5. | Pensions and annuities ditto ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6. | Gratuities ditto ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Salaries, pensions, annuities, and gratuities paid by companies, public bodies, associations, and private employers— | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7. | Managers and Assistant Managers... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8. | Inspectors, overseers, and other executive servants. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9. | Clerks and Accountants ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10. | Shopmen ... ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11. | Others ... ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Companies— | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12. | Banking ... ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 13. | Building ... ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 14. | Carpet manufacturing ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 15. | Cotton spinning and weaving ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 16. | Gas ... ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 17. | Hotel ... ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 18. | Ice ... ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 19. | Insurance—Fire ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 20. | Insurance—Life ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 21. | Insurance—Marine ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 22. | Jute and hemp ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 23. | Land ... ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 24. | Mining ... ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 25. | Press ... ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 26. | Railway ... ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 27. | Shipping and Navigation ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 28. | Telegraph and Telephone ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 29. | Trading ... ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 30. | Tramway ... ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 31. | Others ... ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Interest— | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 32. * | Securities of the Government of India | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 33. * | Securities made chargeable on Indian Revenues by Parliament. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 34. * | Securities of Companies and Local Authorities. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Professions— | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 35. | Religion ... ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 36. | Education and Science ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 37. | Fine arts ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 38. * | Barristers, advocates, and pleaders ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 39. | Other legal practitioners ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 40. | Medicine ... ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 41. | Engineering ... ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 42. | Agents ... ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 43. | Artisans ... ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 44. | Bankers ... ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 45. | Builders ... ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 46. | Brokers ... ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 47. | Carriage builders ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 48. * | Dealers in minerals ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 49. | Dealers in agricultural produce ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50. | Hotel-keepers ... ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 51. | House proprietors ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 52. | Livery stable keepers, letters out of ...ses, and carriages, and cattle. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 53. | ...rs of carriages, horses, and cattle ...ing for hire ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | ...facturers of— | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | ...tton goods ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | ...ollen goods ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | ...te, flax, and hemp ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | ...lk ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | ...illers ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | ...pirits, wines and liquors ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | ...ugar ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | ...ea ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | ...Metals and machinery ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Other articles ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | ...rchants— | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | General ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Opium ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Piece-goods ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Grain ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Salt ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Others ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | ...ngle-renders and changers ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | ...wspaper proprietors ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | ...shers and printing press proprietors. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | ...p or boat owners ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | ...lers in— | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Woollen fabrics and dress ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Building materials ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Furniture ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Metals ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Precious stones and jewellery ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Food ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Salt ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Spirits, drugs, and tobacco ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Fuel ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Animal and vegetable substances (not food). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Books and stationery ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Other articles ... ... | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

1—6*

* Entries on account of these will be made in Columns 16, 36, and 38 only.

## RETURN No. VI.

(RULE 20.)

*Statement of expenditure incurred in the assessment and collection of the tax under Act II of 1886 in the year 188 -8 .*

| HEAD. | Amount. | REMARKS. |
|---|---|---|
| 1 | 2 | 3 |
| Establishments ... ...<br>Travelling Allowance ... ...<br>Contingencies ... ...<br>TOTAL ... | | |

No. 595.

From—The Secretary to the Government of India, Department of Finance and Commerce.

To—All Local Governments and Administrations.

I am directed to forward copies of the rules made by the Honourable the President in Council under Act II of 1886, and to communicate the following remarks and instructions.

2. The President in Council desires to impress upon the Government of / you his great anxiety that special care should be devoted to the assessment and working of the Act especially during the first year of its operation. He attaches the greatest importance to the necessity of exercising caution and moderation in the introduction of the measure. The Government of / you are authorised to entertain such establishments as may be required to ensure that the assessment shall be carefully and equitably made. Money spent in this way will, the President in Council feels assured, give a full return, by preventing inequitable assessments and discontent and by securing the smooth working of the Act.

3. The temporary employment in the working of the Act of persons who do not hold permanent appointments under Government should be forbidden, and all officers appointed for this purpose should be chosen from the permanent staff. A sufficient and trustworthy staff is specially requisite in the Presidency Towns, where so large a portion of the total tax will be assessed, and His Excellency in Council trusts that especial care will be exercised in selection of the officers charged with the supervision of the work in these towns. It may also be expedient to place an officer of experience on special duty in the province under the charge of the Government of / your charge to supervise the work during the whole or a portion of the coming year, and the President in Council authorises the Government of / you to take this step at once should it be deemed desirable to do so.

4. The President in Council desires that in making the new assessments the result of the assessments made under the License Acts should be utilised to the utmost possible extent and that they should be accepted as far as possible. Persons inadvertently omitted under the License Tax will, however, be brought on to the list of assessees.

5. In framing rules under the Act the Government of India has intentionally avoided dealing with details, as it is believed that Local Governments are in a better position to frame rules which will suit the varying circumstances of different localities, and as it is undesirable to attempt to lay down general rules on minor matters, applicable to all India, until at least one year's experience of the working of the Act has been obtained.

6. Power has been delegated to Local Governments to make additional rules, and in this connection I am to call the special attention of the Government of / your special attention to the provisions of section 18 of the Act which entrust to Local Governments a wide discretion in the making of rules regarding notices either requiring assessees to pay the tax to which they are liable, or calling on persons liable to pay the tax to furnish information regarding their incomes. By means of these provisions it is hoped that the working of the tax may be the better adapted to the circumstances of different parts of the country. Each Local Government must, of course, consider the special requirements of the territories under its control, and frame such rules as may be suitable to meet those requirements, but the President in Council, with

a view to the eventual removal of any unnecessary differences in the procedure in differen provinces, desires that the Government of / you should forward to all other Local Governments and to the Government of India in this Department a copy of any rules which it may issue.

7. Section 3 (4) of the Act declares the exemption from assessment of travelling, tentage, horse or sumptuary allowance, or any other allowance granted to meet specific expenditure, to be subject to any rules which may be prescribed. This power to make rules was reserved in order to prevent any abuse of the exemption by changing the designation of a portion of salary or otherwise. The power need not be exercised unless it appears that attempts to abuse the exemption are being made.

8. The only condition or restriction prescribed under the power conveyed by section 5 (1) (*g*) of the Act is that contained in rule 5, providing that the exemptions from assessment of fund subscriptions and life insurance payments shall not be taken into account in deciding whether the income is liable to the tax or in determining the rate at which the tax is leviable.

9. It will be observed that salaries, annuities, and pensions paid in April 1886 are liable to the tax even if they are due in respect of preceding months. Payment in advance does not extinguish this liability.

10. The Rules prescribe no conditions under section 9 (2) of the Act regarding arrangements for the collection of the tax from their employés by non-official employers. This provision was inserted in the Act in order that employers may be induced by the remission or return of a small portion of the tax, and in order to save their employés from avoidable trouble, to undertake the collection of the tax and thus relieve Collectors of the difficulty of dealing directly with a large number of assessees. The intention should be explained to Collectors with instructions that they should endeavour to make such arrangements whenever it may appear feasible; but it will, of course, be understood that no pressure is to be put upon employers to fall into an arrangement under this section.

11. It will be observed that the Rules contain no provision for payment by instalments of the tax leviable under Part IV of the second Schedule. I am to explain that this is left by the President in Council to the discretion of the Government of / your discretion; and that it is the desire of the Government of India that every reasonable facility should be given in the matter, the maximum number of instalments, however, in no case exceeding four.

12. No rules have been prescribed regarding composition for the tax under section 31 of the Act. The Government of India trusts that the principle of composition may be extensively adopted, as it is evidently calculated to obviate friction and trouble in assessment, and the President in Council will be glad to have as early an expression as may be convenient of the opinion of the Government of / your opinion whether any such rules need be made by the Government of India, or whether they should be left to the Local Government concerned, and in the former case what rules the Government of / you propose proposes.

13. The number of companies being few, and it being desirable to have fuller information regarding the assessment of companies than is contained in the general published return, the President in Council requests that the Government of / you will forward, each year, separately from the Returns prescribed in the Rules, a return showing the designation and assessment of every company in the territories subject to the control of the Government of / your control. This return should not be published.

14. I am also to invite suggestions for the improvement of the classification adopted in Return No. V. These suggestions should if possible reach the Government of India not later than the end of December next, in order that, if any change in the form of the Return is decided on, it may be prescribed in time for adoption in the Reports of 1886-87. The experience gained in making the assessments under the Act may enable Local Governments to propose a preferable classification.

15. The reports on the working of the Act in 1886-87 should be specially full and complete.

ORDERED, that a copy of the above letter be published in the *Gazette of India* for general information.

(Signed) D. BARBOUR,

Secretary to the Government of India."

REVENUE DEPARTMENT.

Bombay Castle, 10th February 1886.

No. 1085.—The following Notification by the Government of India is republished :—

## DEPARTMENT OF FINANCE AND COMMERCE.

SEPARATE REVENUE.

STAMPS.

JUDICIAL STAMPS.

EXEMPTIONS, &c.

No. 594.

*Calcutta, the 5th February 1886.*

Under Section 35 of the Court Fees Act, VII. of 1870, the Honourable the President in Council is pleased to direct that the fee payable under the said Act on a petition to the Collector under Section 25, Act II. of 1886, to have an assessment reduced or cancelled, shall, whatever may be the amount of the assessment to which the petition relates, be limited to one anna.

(Signed) D. BARBOUR,
Secretary to the Government of India."

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"DEPARTMENT OF FINANCE AND COMMERCE.

SEPARATE REVENUE.

ASSESSED TAXES.

INCOME TAX.

*Calcutta, the 5th March 1886.*

No. 1042.*—The Honourable the President in Council has been pleased to make the following rules under Section 38, Act II. of 1886, an Act for imposing a tax on income derived from sources other than agriculture :—

*Republished at page 218 of the *Bombay Government Gazette*, Part I, dated 11th March 1886.

1. Contributions, whether compulsory or voluntary, made to Provident Funds by Railway servants to whom clause (*g*) of Section 5, Act II. of 1886, does not apply, shall be exempt from liability to assessment under that Act on the same conditions and to the same extent as sums deducted from salary under the authority or with the permission of the Government are exempt under the said clause.

2. The Provident Fund of a Railway Provident Institution constituted under rules approved by the Governor General in Council shall be deemed to be a 'Service Fund' within the meaning of Rule 13 of the Notification† of the Government of India, Department of Finance and Commerce, No. 593,‡ dated the 5th February 1886.

†Republished at pages 112 to 120 of Part I. of the *Bombay Government Gazette* dated 11th February 1886.

(Signed) D. BARBOUR,
Secretary to the Government of India."

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*Establishments : Proposal to employ kulkarnis in connection with the working of the Income Tax Act in the City of Poona.*

No. 621.

FINANCIAL DEPARTMENT.

Bombay Castle, 6th March 1886.

Memorandum from the Commissioner, C. D., No. R—768, dated 22nd February 1886—

* * * * * * * *

RESOLUTION.—The Collector should be informed that there is no objection to the employment of kulkarnis,§ who hold hereditary offices under Government and derive their emoluments from the public revenues, for the purposes of the Income Tax Act. For their duties under the Income Tax Act they may be remunerated in the same way as they are at present for the collection of the License Tax.

§ *Vide* also Government Resolutions Nos 1042, 1311 and 2379, dated respectively 10th April, 11th May, and 9th August 1886, *post*.

‡ *Ante*, pp. 16-25.

*Income Tax Act: Rules and forms under the——of 1886 for the Town and Island of Bombay.*

No. 630.

FINANCIAL DEPARTMENT.

Bombay Castle, 9th March 1886.

Letter from the Joint Commissioners under the Income Tax Act of 1886, No. 4, dated 2nd March 1886.

* * * * * * * *

RESOLUTION.—In the circumstances stated by the Joint Commissioners Rule 3 providing for the payment of the tax in instalments may be expunged, a rule being substituted requiring the payment of the tax in one sum by the first day of June in each year.

2. The proposed commission of 5 per cent. to be granted to non-official employers who may undertake to collect the tax from their employés appears unnecessarily high. The collection of the tax and the payment of it to Government would involve little trouble and a commission of 2 per cent. should be ample.

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*Income Tax Act of 1886; Liability of Military pensioners to the payment of the tax under the——.*

No. 720.

FINANCIAL DEPARTMEMT.

Bombay Castle, 13th March 1886.

Memorandum from the Pension Paymaster, Bombay Circle, No. 268, dated 1st March 1886.

* * * * * * * *

Letter from the Controller of Military Accounts, No. 320, dated 4th March 1886:

> "I have the honour to submit for the orders of Government in accordance with the accompanying letter from pensioned Assistant Commissary of Ordnance W. MacDonald and others to the address of the Pension Paymaster, Bombay, dated the 1st instant, the question whether the stipends of Military pensioners, European and native, including honorary commissioned and warrant officers of the Ordnance, Commissariat, Barrack, Medical and Military Departments, are liable to be assessed to Income Tax under Act II. of 1886.

RESOLUTION.—The Military Department should be informed that subject to the provision of Clause (*j*) of Section 5 of the Act all Military pensioners are under Section 7 and Part I. liable to payment of Income Tax on the amount of their pensions.

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*Bombay Castle, 17th March 1886.*

No. 749.—The following Notification by the Government of India is republished:—

"DEPARTMENT OF FINANCE AND COMMERCE.

SEPARATE REVENUE.

ASSESSED TAXES.

INCOME TAX.

*Calcutta, the 10th March 1886.*

No. 1138.—In exercise of the powers conferred by Section 38 of Act II. of 1886, the Governor General in Council is pleased to rule that the General

Family Pension Fund shall be deemed to be a 'Service Fund' within the meaning of Rule 13 of the Notification† of the Government of India, Department of Finance and Commerce, No. 593,* dated the 5th February 1886.

*Republished at pages 112—120 of Part I. of the *Bombay Government Gazette* dated 11th February 1886.

(Signed) D. BARBOUR,
Secretary to the Government of India."

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*Income Tax Act of 1886: Rules and orders under the——for Aden.*

No. 784.

FINANCIAL DEPARTMENT.

Bombay Castle, 19th March 1886.

Letter from the Political Resident, Aden, No. T.—415-A., dated 26th February 1886.

RESOLUTION.—* * * * * *

2. The Political Resident should be appointed to be Commissioner for the purposes of the Income Tax Act in the Settlement of Aden.

* * * * * *

3. The rules proposed in paragraphs 4† and 6† of the Political Resident's letter are approved. †*Infra.*

* * * * * *

5. The Governor in Council is of opinion that resort to composition should be sparingly had, and the same limit in respect to minimum incomes for which payment of tax may be compounded for should be fixed for Aden as in Bombay, namely, Rs. 10,000 per annum, assessable under Part IV. of Schedule II. of the Act.

6. There appears to be no need for any special order under Section 30. If a person makes default in the payment of the tax the Collector can take action under Clause (3) of Section 30.

* * * * * *

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Extract paragraphs 4 and 6 of the letter from the Political Resident, Aden, No. $\frac{T}{415}A$ of 1886, Financial Department, dated 26th February 1886 :—

"4. Income tax under Part IV. should in Aden be paid in one payment on 1st July.

"6. The list mentioned in clause 5 Section 16 shall be published in Aden by leaving copies of the list at the principal Police stations and attention of the assessees in general will be drawn thereto by beat of tom-tom within the Settlement every other day during the time fixed in the list."

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*Income Tax Act of 1886: Interpretation of certain provisions of the——.*

No. 787.

FINANCIAL DEPARTMENT.

Bombay Castle, 19th March 1886.

Letter from the Collector of Bijápur, No. 753, dated 13th February 1886 :—

"I have the honor to suggest that among rules to be published under the Income Tax Act, one will be required for regulating the manner of assessment of a Government

† *Ante*, pp. 16-25.

servant drawing salary less than Rs. 500 per annum, but enjoying income arising from sources included under Part IV., and bringing his total income up to the assessable amount.

"2. Is such an individual to be classed under Part IV. and pay the tax to which he is subject in that category? Or will his salary be subject to deduction and he have to pay the balance that may be due according to his class in Part IV?

* * * * * * * *

Memorandum from the Commissioner, S. D., No. S.R.—339, dated 20th February 1886:—

"Submitted for the orders of Government.

"2. The question is, when the income of a person consists partly of salary (Part I. of Schedule II.) and partly of 'other sources of income' (Part IV. of the Schedule) how is the assessment to be determined? To take an instance—Suppose A has a salary of Rs. 480 and other income of Rs. 480. How is the assessment to be calculated? Is he to be assessed at 4 pies in the rupee for his whole income of Rs. 960? or at 4 pies in the rupee on his salary only, leaving the income from other sources, Rs. 480, altogether untaxed, as it does not fall under Part IV. of the schedule?

"3. The word 'income' in the second column of Schedule II., Part I., leads the undersigned to think that the whole income of Rs. 960 is liable to be assessed at 4 pies in the rupee. The point, however, is a doubtful one and requires an authoritative decision."

Letter from the Solicitor to Government, No. 253, dated 13th March 1886—Submitting with reference to Government memorandum No. 688, dated 11th idem, the following copy of the opinion (No. 14, dated 13th idem) of the Honourable the Advocate General:—

"I agree with the view taken in the memorandum, that a salary of less than Rs. 500 per annum is taxable under Part I. of Schedule II. to Act II. of 1886, in case the total income of the recipient of the salary exceed Rs. 500; but that income under Part IV. of the schedule is not taxable unless it exceed Rs. 500 irrespective of any salary or income comprised in Part I., II. or III., payable to the recipient. The result seems anomalous and such as can hardly have been intended by the framers of the Act; but the words of Clause (*b*) to Part IV., in my opinion, limit the 'annual income' there spoken of to the annual income assessed under Part IV., whereas 'the income' spoken of in Part I. is in no way limited, and comes within the definition of Income in Section 3 (5)."

RESOLUTION.—Copy of the opinion of the Honourable the Advocate General should be forwarded for information and guidance to all Collectors, Commissioners and specially appointed Collectors of Income Tax.

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## DEPARTMENT OF FINANCE AND COMMERCE.

SEPARATE REVENUE.

ASSESSED TAXES.

INCOME TAX.

*Calcutta, the 25th March 1886.*

No. 1448.—In exercise of the powers confirmed by Section 38 of Act II. of 1886 the Governor General in Council is pleased to rule that the Hindu Family 'Annuity Fund' shall be deemed to be a 'Service Fund' within the meaning of Rule 13 of the Notification of the Government of India, Department of Finance and Commerce, No. 593,† dated the 5th February 1886.*

*Republished at pages 112 to 120 of Part I. of the *Bom. Government Gazette* dated 11th February 1886.

(Signed) D. BARBOUR,
Secretary to the Government of India.

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No. 914.

FINANCIAL DEPARTMENT.

Bombay Castle, 31st March 1886.

Memorandum from the Commissioner, C. D., No. R.—1191, dated 18th March 1886—Submitting one, No. 1879, dated 13th idem, from the Collector of Poona, with the following

† *Ante*, pp. 16-25.

letter No. 367, dated 5th idem, from the City Magistrate, Poona, and Collector of Income Tax for the City of Poona and for the Cantonments of Poona and Kirkee :—

"I have the honour to solicit instructions on the following point.

"Section 5 of the Income Tax Act No. II. of 1886 deals with incomes exempt from the operation of the said Act.

"I am doubtful whether Inámdárs who are not agriculturists but who derive income from Inám lands are exempt from the operation of the Act. In return No. 5, which accompanied the Government of India's circular No. 593,† dated 5th ultimo, the various sources of Income are specified.

"As Inámdárs seem to have been omitted from this return, I conceive they are considered to be exempt from the assessment of so much of their income as is derived from land."

the Commissioner observing as follows :—

"3. Inámdárs should I think fairly pay on an amount equivalent to the Government assessment in surveyed villages, if unsurveyed villages to the amount which would be levied on similar lands in neighbouring surveyed villages, being exempted in the case of land personally cultivated. As regards lands they do not cultivate they cannot be considered as cultivators. The persons in occupation are the agriculturists and there cannot be two sets of agriculturists for the same lands."

RESOLUTION.—The terms of Section 5 (1) *(a)* include income from land of inámdárs who are not agriculturists if the land is used for agricultural purposes and local cess is paid on the rent or revenue derived from it by the inámdárs.

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*Income Tax Act of 1886 : Rules and forms under the——.*

No. 916.

FINANCIAL DEPARTMENT.

Bombay Castle, 31st March 1886.

Letter from the Commissioner, N. D., No. 700, dated 1st March 1886—Submitting with reference to paragraphs 2, 3 and 6 of Government Resolution No. 380, dated 12th February 1886, his report on the subject of the rules, forms, &c., to be framed under the Income Tax Act of 1886; and submitting with his approval the following suggestion made by Mr. Modi, Huzúr Deputy Collector, Broach, regarding the publication of lists under Section 16 of the Act :—

* * * * * * * * *

"I would propose that the names of *all* the assessees including those earning Rs. 2,000 and upwards should be arranged together in a list.

"The list should be posted up in a conspicuous place or places in the town or village to which it may relate, and to every assessee should be furnished a copy of that sheet of the list which contains his name with the mark of a cross in red ink against that name to draw attention. This plan would not entail much expense; each sheet should contain about 50 names on one side only and it would be necessary to print fifty copies for distribution amongst the persons named in it."

* * * * * *

RESOLUTION.—The general opinion is that Section 18 (1) (*b*) will not work well. The Commissioner, S. D., and the Collector of Bijápur propose to issue a notice under it to whole districts. The Governor in Council does not think that the terms of the Section—"in any specified town or place"—allow of such a general notice. If any Collector after full consideration thinks that Section 18 (1) (*b*) will be usefully applied to any town or place he should make a special application. It is not explained why the Collector of Belgaum would apply this provision to the list of villages given, but he may apply it in Belgaum Town and Cantonment if he thinks proper.

† *Ante*, pp. 16-25.

2. Under Section 18 (1) (*a*) the Collectors may be authorized to use Section 17 instead of Section 16 in the case of any person to whose condition the procedure under Section 17 seems more suitable than that under Section 16. Publication of names under Section 16 should not however be treated as a disgrace.

3 The Collectors will naturally make three lists, viz., one under Section 16, one of persons served with notices under Section 17 and one of persons who make returns accepted under Section 18 (1) (*b*) if any.

The lists under Section 16 should obviously be prepared and published as soon as possible this year and thereafter published on April 1st of future years.

The lists should be published in their entirety at the Collectors' offices. Táluka lists should be published at Mámlatdárs' and Mahál kacheris, and village lists in village chávdis. In municipal towns ward lists should be published in the wards. The date prescribed for payment of the tax and the penalties for non-payment, &c., should also be notified, and attention to the duties of tax-payers invited by tom-tom.

Mr. Modi's proposal regarding the publication of lists seems to be cumbrous and unnecessary in cases under Section 17. But Collectors may take in addition any precautions for making the liabilities of tax-payers public which they think proper and which will not cause large expense.

4. The Governor in Council is disposed to allow the tax to be paid in two instalments when the annual income is assessed at Rs. 2,000 or upwards, an interval of not more than six months being allowed between the instalments. The first instalment, or where the tax is payable in one sum, the whole sum, should be paid within sixty days from the date of publication of the list under Section 16 and date of notice under Section 17, or from the date of issue of notice of acceptance of return as correct under Section 18 (1) (*b*) or date of agreement under Section 31. The second instalment should be paid not more than six months after the date fixed for the payment of the first instalment, nor less than two months before the end of the year.

5. Any company or person may apply for composition of the tax under Section 31, but there is a discretion as to granting it. It seems appropriate only when there are permanent sources of income more or less stable. The Governor in Council thinks it should not be allowed where the income is under Rs. 2,000 per annum.

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6. It is generally agreed that the provisions of the Land Revenue Code are sufficient for the recovery of arrears.

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*Income Tax Act of 1886: Arrangements to be effected with the B. B. & C. I. Railway Company under Section 9 (2) of the——*

No. 940.

FINANCIAL DEPARTMENT.

Bombay Castle, 2nd April 1886.

Letter from the Agent to the B. B. & C. I. Railway, including the Rajputana-Málwa Railway, No. 1162-E, dated 17th March 1886.

Memorandum from the Public Works Department of the Secretariat (Railway), No. 715, dated 22nd March 1886.

RESOLUTION.—It has been decided by paragraph 2 of Government Resolution No. 630, dated 9th March 1886, that in Bombay the Collector of Income Tax may make the arrangement specified in Section 9 (2) of the Act with companies or other private employers on payment to the latter of a commission of 2 per cent., and the Agent of the B. B. & C. I. Railway Company should be informed accordingly.

2. The only return which the Company has to furnish is an annual one under Section 10 of the Act in Form A of the forms appended to Government Resolution No. 380, dated 12th February 1886. The form has been prescribed by the Government of India and this Government cannot dispense with it on its own responsibility. If the Railway Department is of opinion that the submission of the form by a Guaranteed Railway Company is unnecessary, it may communicate with the Government of India on the subject.

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*Income Tax Act of 1886: Orders on doubtful points under the——.*

No. 964.

FINANCIAL DEPARTMENT.

Bombay Castle, 3rd April 1886.

Memorandum from the Commissioner, N. D., No. 920, dated 16th March 1886—Forwarding a letter No. 670, dated 12th idem, from the Collector of Ahmedabad, who submits for orders a statement of doubtful points under the Income Tax Act.

RESOLUTION.—*Question* 1 is whether official salaries received by members of a Hindu undivided family represent "income" under Section 5 (1) *(f)* of Act II. of 1886 and can be taxed as part of the joint income of the family. The Remembrancer of Legal Affairs should be requested to favour Government with his *opinion on the point. His †opinion should also be invited on question 9.

*For final orders *vide* para. 1 of Government Resolution No. 1846, dated 26th June 1886, *post.*

†*Vide* Legal Remembrancer's opinion in the preamble of Government Resolution No. 1237, dated 3rd May 1886, *post.*

2. Officers whose duty it will be to assess persons to the Income Tax may, as suggested, be authorized to avail themselves at their discretion of the assistance of a Panch when such aid will be trustworthy and useful.

3. *Question* 3.—The salary and the other income should be taxed separately under Part I. and Part IV. of the second Schedule appended to the Act at the rate appropriate to the amount of income under each part.

4. *Question* 4.—A company is taxed on net profits, and a single trader should be dealt with in a similar way. Income in Part IV. of the second Schedule must mean, in case of income from business, a net receipt, *i.e.* what remains after deducting from the gross receipt the money spent in obtaining it.

5. The views expressed by the Commissioner and the Collector concerning the fifth question appear well founded, but the Remembrancer of Legal Affairs should be ‡ consulted regarding it.

‡*Vide* Legal Remembrancer's opinion in the preamble of Government Resolution No. 1237, dated 3rd May 1886, *post.*

6. *Question* 6.—The proceeds of the sale of ghee, if it comes under produce as defined in Section 5 (*b*) (III.) of the Act, are exempt from payment of the tax.

7. *Question* 7.—On this point the terms of Section 5 (1) (c) are quite clear, and the Commissioner's view is in accordance with them.

8. *Question* 8.—The salary in this case is of course exempt from the tax, if paid by a Native State.

9. *Question* 10.—The receipt is assessable as part of the profits of the sávkár's business.

10. *Questions* 11 and 13.—The Collector must be guided by Section 5 (1) (*è*). Income from whatever source is exempt if it is solely employed for religious purposes. The source from which the income is derived is not material.

*Vide* Legal Remembrancer's opinion in the preamble of Government Resolution No. 1237, dated 3rd May 1886, *post*.

11. *Question* 12.—Section 24 quoted by the Commissioner does not apply to this case. Payments made on account of municipal taxes should not be deducted from the assessable income, but as to the other items mentioned by the Collector the Remembrancer of Legal Affairs should be asked to state whether they are exempt from the tax.

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*Doubtful Points under the Income Tax Act II. of 1886.*

| Points. | Remarks by the Collector. | Remarks by the Commissioner, N. D. |
|---|---|---|
| I. | | |
| According to the definition of the word 'person' a Hindu undivided family consists of four members, each of whom is a Government servant and earns Rs. 10 a month as salary. Their income from other sources amounts to Rs. 25 annually, making a total of Rs. 505; does their whole income become liable to tax? The salary is liable to the tax under Schedule II., Part I., and the income under Part IV. of the same schedule, but when such combined incomes become liable to the tax, under what part of the second Schedule should they be assessed and how levied? | * * * | * * * |
| II. | | |
| The License Tax used to be assessed through the agency of the Panch, but there is no provision in the Income Tax Act as to whether the tax should be assessed through the agency of the Panch or not. | * * * | * * * |
| III. | | |
| The salary of a Government servant whose annual income is more than Rs. 500 is liable to tax under Part I. of Schedule II.; but his other income amounts Rs. 1,500. How should it be assessed? When two incomes are combined it becomes liable to the tax at the rate of 5 pies per rupee, while from the salary bill 4 pies will be deducted. | ..... | * * * |
| IV. | | |
| If a banker's annual income is Rs. 1,000 and expenses incidental to his income are required to be paid from it, should the tax be assessed on the amount after deducting the expenditure or on the whole income? For, in Part II. of the same Schedule, net profit is shown as liable to tax and if such expenditure is not deducted from the income the same would be doubly assessed. | * * * | * * * |

| Points. | Remarks by the Collector. | Remarks by the Commissioner, N. D. |
|---|---|---|
| V. | | |
| Whether the income of a person who resides out of British India but carries on the trade of lending money in British India is liable to the tax, and if liable, how should it be recovered? For his property is situated out of British India. | *e.g.*, a sávkár living in a Gáikavádi village entirely surrounded by British villages has his principal money-lendings with British villagers. The Acting Collector is of opinion that unless the sávkár has some place of business in a British village there is no means of assessing him. | The Commissioner concurs with the Collector. |
| VI. | | |
| Whether the income derived from the sale of clarified butter of agriculturists' kine and buffaloes is liable to tax? | ..... | * * * |
| VII. | | |
| Whether the rent of a house in which a cultivator resides or which is kept apart for his cattle should be deemed a source of income? Is it assessable? | * * * | If the cultivator has a house which he requires as a dwelling-house, &c., in the village in which he cultivates land it would be exempt. |
| VIII. | | |
| A resident of British India is in service out of British India and derives an income of more than Rs. 500. Whether the income is liable to the tax? | * * * | * * * |
| IX. | | |
| In an undivided family, living in British India, there are four members. Two of these are in Government service and two in the service of Native States. Should the aggregate income of all these four be assessed or only that of the two who live in British India? | ..... | * * * |
| X. | | |
| If a Jághírdár or Inámdár mortgages his village or leases it in satisfaction of his debt and the mortgagee manages the village, does the income derived from such source become liable to the tax? | * * * | * * * |
| XI. | | |
| Are the allowances of devasthán dharmáda received either from the British Government or a foreign State liable to the tax? | ..... | * * * |
| XII. | | |
| A person has an income of Rs. 1,000 from the rent of his several houses; out of this he pays Rs. 100 as municipal tax, Rs. 200 as annual Government assessment, Rs. 100 as repairs and Rs. 100 for tile-turning. Are all these expenses to be deducted in assessing the income or not? | ..... | Under Section 24 five-sixths of the rent of houses are liable and no further deductions can be made. |

| Points. | Remarks by the Collector. | Remarks by the Commissioner, N. D. |
|---|---|---|
| XIII. | | |
| Clause E. of Section 5 requires to be explained. For instance. There is a Mahájan of Tagia in Ahmedabad. The Mahájan derives an income of Rs. 16,000—Rs. 10,000 as contribution and 6,000 as interest on their capital of one lákh of rupees. All the income is used for charitable purposes. Now, should the tax be assessed on the whole amount of Rs. 16,000 or only on Rs. 10,000? | | |

No. 990.

FINANCIAL DEPARTMENT.

Bombay Castle, 6th April 1886.

Memorandum from the Commissioner, S. D., No. S.P.A.—60, dated 23rd March 1886.

RESOLUTION.—Salaries paid to British subjects in the service of Native States by those States are clearly not liable to the tax.

No. 996.

FINANCIAL DEPARTMENT.

Bombay Castle, 7th April 1886.

Letter from the Superintendent, Government Central Press, No. 809, dated 13th March 1886:—

"With reference to Section 5, Clause *g*, Chapter 2 of Government of India Act II. of 1886, I have the honour to inquire whether the subscriptions paid by members of this establishment direct to the Secretary of the Uncovenanted Service Family Pension Fund, and not deducted from their salary bills, should be exempted from taxation.

"2. I have also to request that I may be favoured with instructions on the following points:—

1*st*.—Whether in the case of compositors on piece-work the Income Tax should be deducted from their pay in those months in which they earn Rs. 41-10-8 or above. Few compositors earn Rs. 500 or more per annum, their salaries fluctuating according to the amount of work in the office and according to their absence on sick or other leave during which they receive no allowance. A compositor may draw Rs. 40-10-8 or more for one or two or six months, but owing to their being less work in the office or to his being sick during the remaining months of the year he may receive an income of less than Rs. 500 for that year.

2*nd*.—Should those of the employés on fixed salaries who while on sick leave may draw less than Rs. 41-10-8 per mensem be taxed on the amount actually drawn by them, or be exempted from taxation for that period?

3*rd*.—In the case of a person in the receipt of Rs. 166-10-8 or more per mensem whose salary is liable to taxation at the higher rate of 5 pies per rupee, should he be absent on sick or other leave and his monthly income for that period fall below the above amount, should the tax be deducted from the amount he receives for the period of his absence at the same rate, or at 4 pies per rupee?"

* * * * *

The orders contained in this para. have been modified by G. R. No. 2663, dated 1st September 1886.

RESOLUTION.—It is clear that subscriptions to Service Funds which are not deducted from salaries by the officers disbursing them cannot be exempted from the tax under Section 5 (*g*). It is however open to the employés of the Central Press to ask that their subscriptions may be deducted from their salaries by the Superintendent of the Press, and when this is done the exemption would of course be granted.

2. A compositor paid by the piece does not receive a fixed salary or any salary at all, and his wages do not come within the definition of salary. He should be assessed under Part IV. or exempted under Section 5 (*j*) according to the amount of his receipts.

3. Orders on the other questions put by Mr. Kingsmill will be issued* hereafter.

* *Vide* G. R. No. 1649, dated 10th June 1886, *post*.

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FINANCIAL DEPARTMENT.

*Bombay Castle, 7th April 1886.*

No. 1001.—The following Notification by the Government of India is republished :—

"DEPARTMENT OF FINANCE AND COMMERCE.

SEPARATE REVENUE.

ASSESSED TAXES.

*Income Tax.*

*Calcutta, the 1st April 1886.*

No. 1483.—In exercise of the powers conferred by Section 38 of Act II. of 1886, the Governor-General in Council is pleased to rule that the Bengal Christian Family Pension Fund shall be deemed to be a 'Service Fund' within the meaning of Rule 13 of the Notification of the Government of India, Department of Finance and Commerce, No. 593,* dated the 5th February 1886.

* Republished at pages 112 to 120 of Part I. of the *Bombay Government Gazette*, dated 11th February 1886.

(Signed) D. BARBOUR,
Secretary to the Government of India."

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FINANCIAL DEPARTMENT.

*Bombay Castle, 7th April 1886.*

No. 1004.—The Governor in Council is pleased to direct, under sub-section (4) of Section 30 of Act II. of 1886, that the tax chargeable under the said Act shall be recovered in the City of Bombay from owners of vehicles and animals which ply for hire in the said City, and are liable to a municipal tax by the Municipal Commissioner for the said city in the same manner as the said municipal tax is recovered from the said owners, with, and as an addition to, the said municipal tax.

*By order of His Excellency the Right Honourable the Governor in Council,*
J. NUGENT,
Secretary to Government.

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No. 2054.

POLITICAL DEPARTMENT

Bombay Castle, 9th April 1886.

Memorandum from the Financial Department, No. 785-A., dated 19th March 1886.
Letter from the Acting Political Agent, Kolhápur and Southern Marátha Country, No. 112, dated 23rd March 1886.

RESOLUTION.—The attention of Political Officers should be called to the provisions of clause (5) of Section 3 of the Income Tax Act of 1886, and they should be informed that besides pensioners and members of Government establishments, British subjects paid from Local Funds are liable to the tax.

2. With the approval of the Revenue Department, the Commissioners should be instructed to advise the Political Officers on all questions arising regarding the Income Tax according to the instructions issued for the guidance of Officers in British districts; and the Political Officers should be told to refer to the Commissioners on all points of which they may be in doubt.

*Act II. of 1886 : Employment of Pátils for the collection of the tax under—*

No. 1042.

FINANCIAL DEPARTMENT.

Bombay Castle, 10th April 1886.

Memorandum from the Commissioner, S. D., No. S.R.—667, dated 29th March 1886.

RESOLUTION.—The employment of kulkarnis on Income Tax work has been authorized by Government Resolution No. 621, dated 6th March 1886, and it should now be ruled that those orders are applicable to hereditary pátils, who also may be paid according to Wingate's scale for collecting the tax.

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*Act II. of 1886 : Appointment of a Collector of Income Tax for Aden under—*

No. 1045.

FINANCIAL DEPARTMENT.

Bombay Castle, 12th April 1886.

Letter from the Political Resident at Aden, No. T.—660, dated 30th March 1886—Requesting, with reference to paragraph 2 of Government Resolution No. 784, dated 19th idem, that the Treasury Officer may be appointed to be Collector of Income-Tax at Aden.

RESOLUTION.—The proposal made by the Political Resident is approved. As Collector of Income Tax the Treasury Officer will exercise all the powers of a Collector, excepting those under Section 31. He should submit to the Political Resident for orders all applications for composition of the tax under that section.

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No. 1123.

FINANCIAL DEPARTMENT.

Bombay Castle, 19th April 1886.

Letter from the Resident at Aden, No. T.—645, dated 29th March 1886 :—

"With reference to Section 5, Sub-section (*j*), of the Income Tax Act II. of 1886, persons whose income from all sources is less than Rs. 500 per annum have been exempted from the operation of the said Act.

"In Aden there are several servants of private employers whose actual pay is under Rs. 500 per annum but they receive board and lodging.

"If the amount of board and lodging be taken into consideration the pay of these employés would exceed Rs. 500.

"Under the above circumstances I have the honour to enquire whether the cost of board and lodging should be taken into consideration in levying Income Tax from such employés, and if so how the value of board and lodging is to be calculated."

RESOLUTION.—The query put in the last paragraph of the Political Resident's letter should be answered in the negative.

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No. 1149.

FINANCIAL DEPARTMENT.

Bombay Castle, 21st April 1886.

Memorandum from the Commissioner, C. D., No. R.—1480, dated 1st April 1886—Submitting for orders the following letter No. 1097, dated 30th March 1886, from the Collector of Sholápur :—

* * * *

"2. Under the definition of 'Salary' the fees of Sub-Registrars are taxable. Many Sub-Registrars however have to pay kárkuns out of their fees and I think the amount so paid should be deducted from the taxable amount and only the net income from fees assessed. I shall be glad of instructions on this point."

RESOLUTION.— * * *. *

2. The view taken by the Collector of the question mentioned in paragraph 2 of his letter is approved.

No. 1167.

FINANCIAL DEPARTMENT.

Bombay Castle, 21st April 1886.

Memorandum from the Commissioner, N. D., No. 1116, dated 6th April 1886—Forwarding the following letter No. 954, dated 1st idem, from the Collector of Kaira :—

"I have the honour to solicit instructions on the following points relating to Act II. of 1886 (Income Tax)—

1*st*.—Should the amount of travelling and other allowances (excluded from the definition of the term 'salary') be included in the term Income for the purpose of determining whether the income is liable to the tax or of determining the rate at which the tax should be levied ?

2*nd*.—Is income derived by a Municipality liable to taxation ?

3*rd*.—Similarly should the receipts derived by Government from tolls and ferries, &c., and paid over to Local Funds, be taxed ?

4*th*.—Can the income derived by a British servant from his dealings in Native States be liable to taxation if the same added to the amount of his pay or independently thereof amounts to over Rs. 500.

* * * * * * * *

RESOLUTION.—The answers to the questions put by the Collector are as follows :—

1.—Travelling and other allowances of the nature of those referred to in Section 3 (4) of the Act form part of an officer's emoluments and would be taxable under Part I., if at all. But they have been excluded from the definition of the term "Salary," and should not be taken into account either for the purpose of determining whether the income in any case is liable to the tax or for the purpose of determining the rate at which the tax should be levied.

2 and 3.—Municipalities, Local Boards and other similar corporate bodies are designated by the term "Local Authority" in the Act, and there is nothing in any part of Schedule II. to show that the funds of a Local Authority which are applicable to public uses are liable to the tax.

4. The whole income derived by a person residing in British India is liable to the tax, inclusive of any portion of it which he may derive from his dealings in foreign territory.

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No. 1197.

FINANCIAL DEPARTMENT.

Bombay Castle, 29th April 1886.

Memorandum from the British Delegate for the Anglo-Portuguese Treaty, No. 82—P.T.G., dated 17th April 1886—Submitting the following letter No. 594, dated 9th idem, from his Assistant Mr. N. R. Oliver :—

"I have the honour to solicit the favour of information as to whether Portuguese subjects and subjects of Native States in alliance with the British Government who are now serving Government in the Salt Department in Goa territory are liable to the income tax under Act II. of 1886. From Section 1 of the Act it would appear that only British subjects are liable to the tax, and if so, all *bonâ fide* Portuguese subjects in British Indian Government employ in Portuguese India would be exempt. With reference to the subjects of Native States in alliance with Her Majesty employed out of British Indian territory in Portuguese territory the case is doubtful.

RESOLUTION.—The British Delegate for the Anglo-Portuguese Treaty should be informed that Portuguese subjects and subjects of Native States in alliance with Her Majesty are not liable when serving Government out of British India to be taxed on salaries paid out of British India.

No. 1215.

FINANCIAL DEPARTMENT.

Bombay Castle, 30th April 1886.

* * * *

Letter from the Commissioner in Sind, No. 1041, dated 24th March 1886:—

* * * * *

"3. As to whether the tax under Part IV. (Other Sources of Income) should be collected by instalments or not there is a difference of opinion among the Collectors.

* * * * *

"4. * * * * I am inclined to agree with Colonel Crawford that when the tax exceeds Rs. 200 in amount it would be best to levy it in two instalments: whatever rule, however, with regard to payment by instalments is adopted by Government for the Presidency may well, in my opinion, be applied to Sind.

"5. In reply to the question in what cases composition of the tax should be allowed, and at what rates, there is also a divergence of views among the district officers.

* * * * *

"9. As to the manner in which the list of incomes under Rs. 2,000, chargeable under Part IV (Other Sources of Income), should be published so as to give full information to all persons concerned, I think it will be sufficient to post the lists—

(1) at the police stations,
(2) in the principal bazárs,
(3) outside the Mukhtyárkars' kacheris,
(4) outside the Collectors' kacheris,
(5) in conspicuous places in villages concerned;

and to draw attention to the lists by beat of drum and by notice in the local newspapers where there are any.

"10. As to whether any rules are required under Section 18 (I) (*a*), giving the Local Government power to allow the Collector to modify the ordinary procedure in special cases by serving a special notice on persons having incomes under Rs. 2,000 (in addition to or instead of including them in a list) or by including in a list persons with incomes of Rs. 2,000 or upwards (in addition to or instead of giving them special notice) the Collectors and Deputy Commissioners (with the exception of the Collector of Hyderabad) seem to think that no special rules under this section are required in Sind, and in this opinion I concur.

"11. In reply to the question whether any order is required under Sub-section (2), Section 30, empowering the Local Government to direct by what authority any powers, &c., incident to the enforcement of the process for the recovery of the tax may be exercised, I agree with the Collectors that the powers given by the Land Revenue Code are sufficient for the purpose of recovery of the arrears of the tax, and that it will not be necessary to make special provision for its recovery as a municipal tax or local rate.

"12. No special rules seem, at present, required under Section 38 in addition to those already prescribed by the Government of India for carrying out the purposes of the Act, so far as regards this Province. It has been suggested that a date should be fixed for the publication of the list alluded to in Section 16 (List of Incomes under Rs. 2,000) and that provision should be made, as in the case of the License Tax, for the publication of the supplementary lists, but it appears to me that all that is required is that Government should make a rule fixing the date for the annual publication of the list required by Section 16 (say 1st April), and any supplementary lists required may then be published by the Collector from time to time as may become necessary."

* * * * * * * *

RESOLUTION.—The provision of Section 18 (1) (*b*) should be applied to the towns and cantonments of Karáchi and Hyderabad: if it is desired to apply it to any other place in the Province a special application on the subject should be submitted.

2. On the other points referred to in paragraphs 3—12 of the Commissioner's letter the orders issued for the three Divisions of the Presidency in Government Resolution No. 916, dated 31st March 1886, should be applied to Sind also.

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No. 1237.

FINANCIAL DEPARTMENT.

Bombay Castle, 3rd May 1886.

Letter from the Remembrancer of Legal Affairs, No. 479, dated 14th April 1886 :—

"With reference to Government Resolution No. 964 of 3rd instant, I have the honour to submit my opinion as follows :—

* * * * * * * *

*Question* 5.—This is similar to the question decided by the Government in paragraph 3 of their Resolution No. 1914 of 29th May 1878, under the License Tax Act. I think that income derived from a business which a resident of a Native State comes into British India and transacts is liable to be taxed, notwithstanding that such person's abode is not in British India. Recovery of the tax from any such person can only be effected, if he fails to pay the same, by some one of the means prescribed in Section 30 of the Act. If the defaulter is found in British India, there will be no difficulty in having resort to some of those means.

*Question* 9.—The income of every Hindu undivided family living in British India is, I think, subject to the provisions of the Act, wherever that income may be derived from. If some of its members are abroad and send contributions to the general purse, their contributions should be counted as part of the family's income. If their earnings abroad are in the shape of salaries, annuities or pensions, paid by Native States, they will not be taxable under Part I. of the second schedule, because that part only applies to salaries, &c., paid in British India and to salaries paid in Native States by Government. * * * * *

*Question* 12.—I do not quite understand what is meant by 'annual Government assessment,' but if ground-rent or land revenue be meant, I think that it, as well as the cost of repairs and of tile-turning, should be deducted from the gross rent which the landlord derives from his houses. The principle laid down by Government in their reply to Question 4 appears to me to be correct, *viz.*, that the income to be taxed is the net income, *i. e.*, 'what remains after deducting from the gross receipt the money spent in obtaining it.' Land revenue, although in some senses a tax, is in such cases the price paid for the usufruct of the ground. Municipal taxes, on the other hand, are the price paid for the benefits of municipal government and are a charge upon the landlord's income like the income tax, but they are not money expended for the purpose of securing an income."

RESOLUTION.—Copies of the letter from the Remembrancer of Legal Affairs, the opinions expressed in which are accepted by His Excellency the Governor in Council, should be forwarded to the officers to whom Government Resolution No. 964, dated 3rd April 1886, was communicated.

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No. 1238.

FINANCIAL DEPARTMENT.

Bombay Castle, 3rd May 1886.

Memorandum from the Commissioner, N. D., No. 1117, dated 6th April 1886—Forwarding for orders the following letter No. 1151, dated 30th March 1886, from the Collector of Surat :—

"With reference to the opinion of the Honourable the Advocate General, contained in Government Resolution No. 787, dated 19th instant, Financial Department, I have the honour to solicit the favour of your instructions on the following point.

"2. As I read the opinion, I understand that the incomes under Parts I., II. and III. can be added to each other and the total sum assessed.

"But that though income under Part IV. cannot be added to incomes under Part I., II. or III. for the purpose of assessing the total income, salary less than Rs. 500 will be liable to the tax in case the whole income amounts to or exceeds Rs. 500.

"3. For instance, A draws a salary of Rs. 400 per annum, and derives an income of Rs. 300 under Part III. from Government Securities. A would be taxed on Rs. 700. But if A's income of Rs. 300 be under Part IV. he will only be taxed on his salary of Rs. 400 per annum, and not on Rs. 300 his income under Part IV.

"I request to be informed whether my reading of the Honourable the Advocate General's opinion is a correct one.

* * * * *

RESOLUTION.—In the first of the two cases put in paragraph 3 of Mr. Mulock's letter the salary would be taxed at the rate of 4 pies per rupee under Part 1. of the Second Schedule of Act II. of 1886, and the income from Securities would be taxed at the same rate under Part III. of the schedule. In the second case the Collector's view is in accordance with the opinion of the Honourable the Advocate General, but the point has subsequently been referred to the Government of India for instructions.* The Collector is in error in supposing that incomes under Part II. which deals with the profits of Companies, can be combined † with incomes under any other Part.

* * * * * * * *

* *Vide* Government of India's letter in the preamble of G. R. No. 1649, dated 10th June 1886, *post.*

†In this connection see para. 1 of G. R, No. 1950 dated 8th July 1886, *post.*

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## FINANCIAL DEPARTMENT.

*Bombay Castle, 5th May 1886.*

No. 1252.—The following Notification by the Government of India is republished :—

"DEPARTMENT OF FINANCE AND COMMERCE.

ASSESSED TAXES.

*INCOME TAX.*

*Simla, the 27th April 1886.*

No. 434.—In exercise of the powers conferred by Section 6 of Act II of 1886, the Governor-General in Council is pleased to exempt from liability to the tax payable under the said Act the income of Universities or other Associations or bodies existing solely for educational purposes and of Local Authorities, as defined in Section 3, Clause (1), of the Act.

(Signed) D. M. BARBOUR,
Secretary to the Government of India."

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No. 1309.

FINANCIAL DEPARTMENT.

Bombay Castle, 11th May 1886.

Memorandum from the Government of India, Department of Finance and Commerce—Forwarding a copy of the following letter No. 391, dated 26th April 1886, to the address of the Accountant General, Bengal :—

"I am directed to acknowledge the receipt of your letter No. 937 E., dated the 25th March 1886, requesting, with reference to Act II. of 1886, and the rules framed thereunder, that authoritative rulings may be laid down in the following cases :—

A.—Whether sums earned by licensed pilots during March 1886, which represent payments for and on account of particular work done, are liable to the tax under the Act.

B.—Whether, for the purposes of assessment, the commission which is paid twice a year to zilladárs and certain other amlah of the Opium Department, and without which their salaries would not become liable to the tax, should be considered with reference to the month in which the commission is declared, or distributed in six equal portions over the months for which it is declared, and then added to the salary.

C.—Whether the following allowances are liable to the tax :—

(1) Special maintenance allowance, family maintenance allowance, and education allowance granted to establishments required to accompany the Government of India to Simla.

(2) The allowances granted under the Darjeeling Allowance Code to establishments accompanying the Government of Bengal to Darjeeling.

(3) Presidency allowance to officers in the Survey and Public Works Departments, and the local allowance of the Accountant General, Bengal.

(4) Rewards for passing examination.

(5) Scholarships held by students of the University.

"2. In reply, I am to communicate the following orders of the Government of India on the several points raised :—

A.—Any sums due and ordinarily payable in March 1886 are not liable to the tax, even though the payment thereof be not taken until April 1886. Your provisional ruling on this point is approved.

B.—The tax should be levied with reference to the salary drawn in each month; that is to say, the tax in the case referred to should be levied on the salary *plus* the commission paid to the employés of the Opium Department in the month in which the commission is paid, and no account taken of the commission in other months.

C. (1) and (2).—The various allowances granted under the several Hill Allowance Codes are liable to or exempt from the tax according as they are granted to meet general or specific expenditure. This principle being applied to the two Hill Allowance Codes to which you refer, the reply to your enquiries is as follows:—

The education allowance under Section 23, the house-rent under Sections 24 to 28, and the value of free quarters under Section 36 of the Simla Allowance Code are granted to meet specific expenditure, and are exempt under the terms of Section 3 (4) of the Act.

The special maintenance allowances under Sections 15 and 16, the family maintenance allowances under Sections 17 to 22, the deputation allowance under Sections 34 and 35, and the consolidated salary and the extra allowance of 15 per cent. under Section 36 of the Simla Allowance Code are granted to meet general and not specific expenditure, and are therefore not exempt. Similarly, the extra allowances under Part II. D and F, and the charge allowance under Part III. of the Darjeeling Allowance Code are not exempt.

C. (3).—Presidency allowances and the local allowance of the Accountant General, Bengal, are for the same reason liable to the tax. Presidency house-rent, however, is exempt, as granted to meet specific expenditure.

C. (4).—Rewards for passing examinations are liable to the tax.

C. (5).—Scholarships, if granted to meet the cost of education, are exempt; otherwise they are liable."

RESOLUTION.—Copies of the letter from the Government of India to the Accountant General, Bengal, should be forwarded to the officers concerned for information and guidance.

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No. 1310.

FINANCIAL DEPARTMENT.

Bombay Castle, 11th May 1886.

Memorandum from the Commissioner, N. D., No. 1287, dated 19th April 1886—Submitting one, No. 2035, dated 15th idem, from the Collector of Broach, who forwards the following letter No. 680, dated 13th idem, from his Huzur Deputy:—

"With reference to paragraph 7 of the Government of India's Notification No. 354, dated 10th February 1886, and paragraph 9 of that Government's letter No. 595, dated 5th idem, I have the honour to inquire whether pensions and salaries due for February, and preceding months, but paid in April 1886, or those which may be paid hereafter are liable to the Income Tax.

* * * * *

RESOLUTION.—The Commissioner, N. D., should be referred to the orders of the Government of India contained in the preamble of Government Resolution No. 1309, dated 11th instant, under which salaries, pensions, &c., due and ordinarily payable in March 1886, are not taxable although they may not be paid until April 1886.

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No. 1311.

FINANCIAL DEPARTMENT.

Bombay Castle, 11th May 1886.

Memorandum from the Commissioner, N. D., No. 1324, dated 22nd April 1886.

RESOLUTION.—The orders contained in Government Resolution * No. 1042, dated 10th April 1886, should be held to be applicable to talátis and stipendiary patels.

* *Ante*, page 38.

No. 1312.

FINANCIAL DEPARTMENT.

Bombay Castle, 11th May 1886.

Memorandum from the Commissioner, S. D., No. 1003, dated 26th April 1886—Submitting the following letter, No. I.T.—11, dated 6th idem, from the Collector of Ratnágiri :—

"With reference to Section 24 of the Income Tax Act II. of 1886 and Rule 6 of the rules circulated with Government Resolution in the Financial Department, No. 380, dated the 12th February last, I have the honour to solicit instructions on the following point:—

"A man owns a house, which he uses as his residence and which, if let to a tenant, will yield a monthly rent of Rs. 60—five-sixths of which is Rs. 50 monthly or annually Rs. 600 under Section 24 of the Act. He also lets out for hire carriages which give an annual income of Rs. 500. The aggregate annual income of the occupying owner of the house derived from *all* sources will thus be Rs. 1,100, *i. e.*, Rs. 600+500. The 10 per cent. of this under Rule 6 of the Rules is Rs. 110 and the total assessable income will amount to Rs. 610, *i. e.*, 500+110.

"2. Please inform me if the above interpretation of the section and the rule is correct."

RESOLUTION.—The Collector of Ratnágiri should be informed that his interpretation of the rule referred to is correct.

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## FINANCIAL DEPARTMENT.

*Bombay Castle, 12th May 1886.*

No. 1341.—The following Notification by the Government of India is republished :—

"DEPARTMENT OF FINANCE AND COMMERCE.

SEPARATE REVENUE.

ASSESSED TAXES.

*INCOME TAX.*

*Simla, the 7th May 1886.*

No. 674.—In exercise of the powers conferred by Section 38 of Act II of 1886 the Governor-General in Council is pleased to rule that the name of any person who is receiving at the date of the return prescribed by Section 10 of the Act, a salary, annuity, or pension which does not amount to Rs. 300 per annum, or has received during the year ending on that date a gratuity which does not amount to that sum, need not be shown in the return.

(Signed) D. M. BARBOUR,
Secretary to the Government of India."

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*Income Tax Act of 1886 ; Rules and orders under the——for Aden.*

No. 1352.

FINANCIAL DEPARTMENT.

Bombay Castle, 14th May 1886.

Letter from the Remembrancer of Legal Affairs, No. 403, dated 27th March 1886 :—

"With reference to Government Resolution No. 784 of 19th instant, on the subject of rules and orders under the Income Tax Act for Aden, I have the honour to report as follows.

"2. The rule proposed in the Political Resident's paragraph 4 relates to the time when the tax shall be payable at Aden. For the reason stated in paragraph 8 of my letter No. 402 of this day's date, such a rule appears to be unnecessary.

"3. Paragraph 6 of the Political Resident's letter explains the manner in which he proposes that lists under Section 16 of the Act shall be published in Aden, and Government say that they approve the proposed 'rule.' But sub-section (5) of Section 16 of the Act merely enacts that the list 'shall be further published in such manner as the Local Government may consider to be best adapted for giving information to all persons concerned.' A rule is not required by the section, and as the method of publication which Government will approve, will probably differ for different parts of the Presidency, I beg to submit that it is not advisable to provide in the rules under Section 38 of the Act for this matter. An order of Government will in each case suffice.

"4. I append a notification under Section 18 of the Act for Aden, but I beg to refer to my remarks in paragraph 5 of my letter No. 402 of this day's date on the subject of the rules to be framed under clause (*a*) of sub-section (1) of this section.

"5. Separate rules for Aden relating to composition of the tax do not appear to be necessary. The general rules on this subject which I have submitted with my above-mentioned letter will, I believe, answer for the entire Presidency."

Memorandum from the Political Resident, Aden, No. T.—837, dated 19th April 1886—Stating, in reply to a reference, that the provisions of Clause (*a*) of Section 18 (1) of Act II. of 1886 should apply to such merchants and traders as the Collector may deem it desirable to include in a list under Section 16 or serve with a notice under Section 17 of the Act.

RESOLUTION.—A copy of the Legal Remembrancer's letter should be forwarded to the Political Resident, Aden, for information, with reference to Government Resolution No. 1004, dated 7th ultimo. As pointed out by the Legal Remembrancer no rules need be framed regarding the time of the payment of the tax and the manner of publishing the list mentioned in Clause 5, Section 16 of the Act.

2. The classes of tax-payers mentioned in the Political Resident's memorandum may be specified in the margin of rule 1 of the draft rules for Aden under Section 18 (1) (*b*) of the Act. In draft Rule No. 2 one week's time may be fixed as the period within which after service of notice the return therein mentioned should be furnished to the Collector by every person chargeable to the tax under Part IV., Schedule 2, of the Act. The form of the return mentioned in this rule as also forms under other Sections of the Act are being prepared by Mr. Baines and when approved will apply to Aden. Subject to the foregoing remarks the draft Rules under Section 18 (1) (*b*) for Aden are approved.

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No. 1369.

FINANCIAL DEPARTMENT.

Bombay Castle, 14th May 1886.

Memorandum from the Commissioner, C. D., No. R.—1580, dated 8th April 1886—Submitting the following letter, No. 2167, dated 1st idem, from the Collector of Khándesh :—

"I have the honour to solicit the favour of instructions as to whether Income Tax should be levied on the items mentioned below which are paid from the Taloda Treasury to the Mevas Chief of Raisingpur *alias* Gaváli and Rána Gáyamalsing of Pratáppur :—

| | | | | |
|---|---|---|---|---|
| 1. | Surupsing valad Khatya Walvi on account of compensation under Act I. of 1838, Class II. Hereditary (*vide* No. 267 of the cash alienation list for the month of May 1879) ..... | Rs. | 850 | 0 0 |
| | Surupsing valad Khatya Walvi on account of Khuhti Hak from the Baroda Darbár ..... | „ | 872 | 9 11 |
| 2. | Rána Gáyamalsing Jasvantsing on account of allowances in lieu of ináms Class II., Hereditary, at Rs. 239 per mensem ..... | „ | 2,868 | 0 0 |

"2. These are annuities paid to persons resident in British territory, as the Mevas States have been ruled by Government to be (*vide* Government Resolution No. 8134, dated 7th October 1885, in the Revenue Department) ; and they would appear to be assessable under Part I. of the second schedule of the Income Tax Act, but as they are quasi-Ránás I deem it advisable to obtain your orders before assessing them."

* * * * *

Letter from the Commissioner, C. D., No. R.—1624, dated 13th April 1886 :—

"The Collector of Sholápur enquires whether Income Tax is to be levied on cash allowances payable under treaties to jághirdárs, such as the Rája of Akalkot, observing that there is no special exemption under the Act but that he presumes that Government is bound to pay the full amounts of these allowances.

* * * * *

RESOLUTION.—The question whether any payments under treaty and the like, which in the absence of special orders would be treated as income received in British India for the purposes of the Income Tax, should be exempted, should be referred to the Political Department.

2. The attention of the Commissioners and Collectors should be called to the liability of pensions and grants or cash allowances to the tax under Part IV. as income received in British India, if they are not exempt under any Section of the Act.

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No. 1407.

FINANCIAL DEPARTMENT.

Bombay Castle, 19th May 1886.

Resolution of the Government of India, Department of Finance and Commerce, No. 632, dated 6th May 1886 :—

"The Governor General in Council is pleased to rule that when a deduction is made under Section 5 (1) (*g*) of Act II. of 1886 from the amount of income liable to the tax imposed by the said Act on account of the payment of a life insurance premium, the amount deducted shall, if the premium is payable in sterling, be the actual cost of remittance as stated by the assessee.

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RESOLUTION.—Copies of the Resolution of the Government of India should be forwarded to the officers concerned for information and guidance.

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No. 1426.

FINANCIAL DEPARTMENT.

Bombay Castle, 21st May 1886.

Memorandum from the Commissioner, N. D., No. 1364, dated 29th April 1886—Submitting a letter No. 1024, dated 20th idem, from the Collector of Ahmedabad, who forwards a letter from Ráo Sáheb Narsilál Revádás, Collector of Income Tax for the City and Cantonment of Ahmedabad, requesting (paragraph 2) that he may be invested with powers under Section 18 (1) (*b*) of the Income Tax Act of 1886, with a view to facilitate the settlement of the incomes of traders who carry on trade in different parts of the country such as Bombay, Poona, Songar, &c., and who also have house property in those towns and cities from which large amounts on account of rents are derived; and observes as follows:—

"It will be seen that what he really requires is to be allowed to serve a notice upon certain people only. This can be done in Presidency towns only under Section 18 (*c*). 18 (*b*) so far as I understand it would include every person in the place and there would be no advantage in introducing this, as it would merely give rise to thousands of false statements being submitted.

"The question is whether there is any way under the Act of giving in the mofussil the powers under 18 (1) (*c*)."

the Commissioner observing as follows:—

"2. It would certainly be an advantage if the provisions of Section 18 (1) (*c*) could be extended to large cities like Ahmedabad, and the undersigned would recommend that the opinion of the Legal Remembrancer be obtained on the point.

RESOLUTION.—As Clause (*c*) of Section 18 (1) of the Act can only be applied to Presidency towns it is plainly unnecessary to refer the matter to the Legal Remembrancer. The Collector considers, for reasons given in his letter, that it is undesirable to invest the Collector of Income Tax, Ahmedabad, with powers under Section 18 (1) clause (*b*) and it is therefore impossible to take further action.

2. In cases such as those described in paragraph 2 of the letter from the Collector of Income Tax, he should endeavour to obtain the information required by communication with the special officers of other districts.

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No. 1466.

FINANCIAL DEPARTMENT.

Bombay Castle, 25th May 1886.

Memorandum from the Commissioner, N. D., No. 1472, dated 6th May 1886—Submitting the following letter No. 1112, dated 1st idem, from the Collector of Ahmedabad:—

"With reference to Government Resolution No. 787 of 19th March 1886 and the opinion of the Honourable the Advocate General therein given I would venture most respectfully to submit that the point be again referred to Government for decision. The result of the Advocate General's opinion is most certainly 'anomalous and such as can hardly have been intended by the framers of the Act,' but it is difficult to see in what way his contention can be maintained that the words 'annual income' in Clause (*b*) to Part IV. limit the annual income to the annual income assessed under Part IV., whereas the 'income' spoken of in Part I. is not limited to income under Part I. If we interpret annual income in Part IV. as income not included in Part I. II. or III., we can only interpret income in Part I. as income already defined under the main heading Salaries and Pensions. The result of this, which seems to be a logical deduction, would be that a man with Rs. 480 salary and Rs. 400 private income cannot be taxed at all.

"2. Now Section 5 (*j*) necessarily carries with it the corollary that any person whose income from all sources is more than Rs. 500 per annum must be taxed.

"3. The question is one of the very greatest importance, and I would venture to ask that Government be asked to refer the point to the Government of India in order that if possible it may be ruled by fresh legislation if necessary that a man with Rs. 400 salary and Rs. 400 private income may be taxed under Part IV.

"4. With due deference to the Advocate General it seems to me that his ruling against the legality of taxation under Part IV. is equally valid against taxation under Part I.

* * * * * *

the Commissioner suggesting that further legal opinion may be obtained and that if necessary a reference may be made to the Government of India for an amendment of the Act as suggested by the Collector."

RESOLUTION.—The opinion* of the Honourable the Advocate General, from which the Collector of Ahmedabad dissents, is based on the terms of Parts I. and IV. of Schedule II. of the Act. Under Part I. all incomes amounting to Rs. 2,000 per annum and upwards are liable to the tax at the rate of 5 pies in the rupee, and all those which amount to less than Rs. 2,000 per annum, whatever the amount may be in any given case, are assessable at 4 pies per rupee. It is nowhere stated in Part I. that salaries of less than Rs. $\frac{500}{12}$ per mensem are absolutely exempt from the tax, and the inference is that if a person in Government employ has private means which combined with the salary bring him an income of Rs. 500 or upwards, the salary, though by itself less than Rs. 500, is liable to the tax. On the other hand it is expressly stated in Part IV. that the incomes taxable under it are those *not included* in any other part: salaries or pensions cannot therefore be taxed under Part IV.

* *Vide* preamble of G. R. No. 787, dated 19th March 1886, *ante*.

2. Government, however, have recognized that this result is anomalous and could not have been contemplated by the framers of the Act, and have communicated the view of the Honourable the Advocate General to the Government of India for such action† as that Government may deem necessary to adopt. * * * * * * *

† *Vide* preamble of G. R. No. 1649, dated 10th June 1886, *post*.

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*Income Tax Act of 1886: Forms under the——for the Province of Sind.*

No. 1482.

FINANCIAL DEPARTMENT.

Bombay Castle, 26th May 1886.

Memorandum from the Commissioner in Sind, No. 1530, dated 7th May 1886—Submitting the following letter No. 1549, dated 28th April 1886, from the Collector of Karáchi:—

"I have the honour to bring to your notice that a complete set of forms for the working of the Income Tax Act was published in the *Panjáb Government Gazette* so far back as on the 4th March last, but up to date standard forms for use in the Bombay Presidency have not been published, and therefore in order to prevent delay I beg you will be pleased to approve of the accompanying specimen forms drafted for service under Sections 17, 18 (1) *b*. and 41 of the Act, and of returns under Section 18 and of Receipt under Section 32, and that you will authorize their being supplied from the Commissioner's Press."

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Memorandum from Mr. J. A. Baines, C. S., on special duty in connection with the working of the Income Tax Act, No. 4, dated 17th May 1886:—

"The undersigned has the honour to report that he has this day forwarded communications to Government regarding the draft forms under the Income Tax Act.

"2. As the forms themselves will not be ready for issue for some time, he suggests that those mentioned by the Collector of Karáchi (which, though not forwarded, are apparently those prescribed for the Panjáb) may be sanctioned for use in Karáchi and Hyderabad Cities, and for districts in Sind, also, if modified as proposed below:—

*Form G.*—This can only include income under Part IV. Payment by instalments should be allowed for in it.

*Form H.*—In the heading of Column 3 it should be mentioned that the entry of income other than that under Part IV. of the Act is optional. The declaration should conclude with the words 'under Part IV.', if no other class of income is returned.'

*Form I.*—The modifications are as above. In paragraph 3 of the instructions on the reverse it should be made clear that income under Parts I., II. and III. is returned optionally only.

*Form K.*—Will do, if room is made for payment by instalments.

*Form L.*—Will stand.

RESOLUTION.—The forms proposed by the Collector of Karáchi may with the modifications made by Mr. Baines be sanctioned for use in Karáchi and Hyderabad and the districts in Sind.

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No. 1532.

FINANCIAL DEPARTMENT.

Bombay Castle, 31st May 1886.

Letter from the Collector of Kánara, No. 1407, dated 8th April 1886.

"I have the honour to request the favour of authoritative instructions on the following points in connection with Income Tax Act II. of 1886 :—

* * * * * * * *

2*ndly.*—The percentage of the registration fees allowed to Sub-Registrars in addition to their fixed pay is no doubt liable to the tax, if their annual income exceeds Rs. 500, as the word "salary" as defined in Clause 4 of the same section includes allowances, fees and commissions, &c., received in lieu or in addition to a fixed salary. Out of this percentage the Sub-Registrars are required to pay certain monthly stipends to kárkuns employed under them. The only question in respect to this is whether the wages paid to their kárkúns should be deducted from or included in the income of the Sub-Registrars for the purpose of this Act. It should also be borne in mind that in calculating their pension, the stipends paid by them to their kárkúns are not deducted, that is to say, they are allowed pension on the wages of their kárkuns, considering them to be a part of their own salary.

3*rdly.*—It is not clear from the Act whether the interest on Savings Bank deposits is liable to tax under Part IV. of Schedule II. of the Act. The interest on such deposits is not periodically drawn by the depositors as in the case of Government Securities, but is added to the capital at the end of each financial year. If the answer to this query be in the affirmative, detailed instructions are necessary as to when, by whom and in what manner it is to be assessed and realized as the transactions of those Banks are now transferred to Post Offices.

4*thly.*—Whether the income of dancing girls or prostitutes (if it be Rs. 500 or upwards per annum) derived solely by prostitution, or partly by following the profession of singing and dancing and partly by prostitution, is liable to the tax. I would beg respectfully to bring to your notice that the income derived by prostitution was exempt from tax, both under the old Income Tax Act of 1872 and the License Tax Act of 1878, amended by Act VI. of 1880, considering that Government did not recognize the earnings by immoral means as an income liable to tax and that it would be tantamount to Government recognizing the profession of prostitution. It is therefore doubtful whether such incomes are intended to be taxed under the present Act.

5*thly.*—Lastly whether incomes of Rs. 500 and upwards per annum derived by religious mendicants such as Swámis or Gurus of different castes or sects are taxable? Such an income was not taxed under the License Tax Act, on the ground that begging did not fall under any profession, trade, occupation or calling. It, I believe, was also exempt from taxation under the old Income Tax Act on the grounds that it was paid by people simply out of charity and that begging was not considered to be a calling sanctioned by law. Similarly I would enquire whether the missionaries of different religious societies and Roman Catholic priests, who do not receive fixed monthly salaries but whose expenses are all borne by the societies, are liable to be taxed in case their expenses be more than Rs. 500. I am doubtful whether or no these two last cases fall under exemption (*e*) of Section 5."

Memorandum from the Commissioner, S. D., No. S.R.—927, dated 19th April 1886 :—

* * * *

*Question III.*—Interest on deposits in Savings Banks falls under the definition of income given in Clause (5) Section 3 of the Act and is liable to tax under Part IV. of Schedule VI. The fact that the interest on these deposits is not periodically drawn is beside the question. The interest is income within the meaning of this Act and as such is liable to the tax. The undersigned is of opinion that the best way of assessing the tax on interest on Savings Banks deposits is that the Superintendents of the Bank should communicate to the Collector of each District the interest due to each depositor during the expiring year, and the Collector should take that amount as his income from that source under Part IV. of the second schedule in addition to any other that he may have, and assess him accordingly.

* * * * * * *

RESOLUTION.— * * * * *

2. As regards the second, Government concur with the Commissioner in thinking that salaries paid by Sub-Registrars to their kárkuns from percentages on fees should be excluded in calculating Sub-Registrars' incomes.

3. The income derived from interest on deposits in Savings Banks is liable to taxation under Part IV. of Schedule II. It appears doubtful however whether the method proposed by the Commissioner for assessing the tax on such income is legal. Under Rule 4 of the Postal Savings Bank Rules Postal officials are bound to secrecy as regards names of depositors and the amount of their deposits and withdrawals. The Legal Remembrancer should be asked whether he considers Mr. Propert's proposal practicable.

*Vide* preamble of G. R. No. 1748, dated 18th June 1886, *post*.

4. There is no reason why the incomes of prostitutes and dancing girls should not be taxed. It cannot be urged that taxing such professions is offering any encouragement to them as was argued under the License Tax Act.

5. Under the Income Tax Act of 1869 the Government of India, in letter No. 1397, dated 25th June 1869, ruled that the recipients of a personal income derived from property employed for or dedicated to religious or charitable public purposes should not be exempted from assessment. This ruling would hold good under the present Act, and accordingly the personal income of missionaries, Roman Catholic priests or religious mendicants derived from such sources is assessable.

6. In the last case put by the Collector it appears that the missionaries and Roman Catholic priests receive no fixed salaries but that their actual expenses are paid by the Societies to which they belong. They are therefore exempt from the operation of the Act.

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## No. 1606.

FINANCIAL DEPARTMENT.

Bombay Castle, 7th June 1886.

Resolution of the Government of India, Department of Finance and Commerce, No. 817, dated 20th May 1886:—

"Read—

Letter from the Examiner, Public Works Accounts, Hyderabad, No. 1055, dated the 6th April 1886.

"RESOLUTION.—The question raised in the letter read above is whether deductions can under Section 5 (1) (*g*) of Act II of 1886 be allowed from salary liable to the tax on account of premiums paid to a Life Insurance Company before the 1st April 1886 covering a period of risk extending beyond that date. The Governor General in Council is of opinion that such deductions cannot be allowed, as the payment of the premium is not made in the year the income of which is taxed.

"2. The Governor General in Council is therefore pleased to rule that no deduction can be made from the amount of salary liable to the tax leviable under Act II of 1886 on account of premiums paid to an Insurance Company before 1st April 1886.

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RESOLUTION.—Copies of the Resolution of the Government of India should be forwarded to the officers concerned for information and guidance.

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## No. 1636.

FINANCIAL DEPARTMENT.

Bombay Castle, 8th June 1886.

Resolution of the Government of India, Department of Finance and Commerce, No. 902, dated 25th May 1886 :—

"Read—

Letter No. 236, dated 30th April 1886, from the Manager, Eastern Bengal State Railway, enquiring, with reference to Section 5 (1) (*g*) of Act II. of 1886, whether the amount of a premium paid to a Life Insurance Company should be deducted from the salary of one month or by instalments from the salaries of the several months included in the period of risk covered by the payment of the premium.

"RESOLUTION.—The deduction should be made in one sum from the salary bill to which the receipt for the premium is attached.

* * * * * * ."

RESOLUTION.—Copies of the Resolution should be forwarded to the officers concerned for information.

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## No. 1649.

FINANCIAL DEPARTMENT.

Bombay Castle, 10th June 1886.

Letter from the Government of Bombay to the Government of India, No. 996, dated 7th April 1886.

Letter from the Secretary to the Government of India, Department of Finance and Commerce, No. 810, dated 20th May 1886 :—

"I am directed to acknowledge the receipt of your letter No. 996, dated the 7th April 1886, requesting the instructions of the Government of India on the following questions in connection with the Income Tax to be levied under Act II of 1886 :—

(*a*) Is the recipient of a salary, under Part I. of Schedule II. to the Act, to be questioned as to his other income in order to determine whether he is liable to the tax, or are all salaries, &c., to be exempt if they are less than Rs. $\frac{500}{12}$ a month, irrespective of other income ?

(*b*) Is a person whose monthly salary is Rs. $\frac{500}{12}$ or more, but whose total income in the year from all sources is, owing to absence on leave, less than Rs. 500 for the year, entitled to claim a refund of the tax deducted from salary in the months in which he drew it in full ? If so, how should the refund be made, seeing that there is no provision in the Act for refunds under Part I ?

(*c*) If the full monthly salary is Rs. $\frac{500}{12}$ or upwards, but the salary claimable in any month is less than Rs. $\frac{500}{12}$, is the salary for that month exempt from reduction under Section 7 as not liable to the tax ?

(*d*) If a person receives salary less than Rs. $\frac{500}{12}$ a month, and also has other income less than Rs. 500 a year, but the salary and income together are Rs. 500 or upwards, is the salary exempt from the tax under Part I, and the other income exempt under Part IV, so that the person escapes altogether ? If not, how is he to be taxed ?

2. In reply, I am to state as follows :—

(*a*) Salary less than Rs. $\frac{500}{12}$ a month is liable to the tax if the recipient has other income coming under Parts II., III. or IV., which brings the total income up to Rs. 500 or more. The person paying the salary should not, however, question the recipient as to his other income. He should deduct the tax solely with reference to the month's salary, unless the Collector brings to his notice that the recipient has other income.

(*b*) In the circumstances described in paragraph 1 (*b*) the person will be entitled to claim refund at the end of the year of the amount of tax

deducted from his monthly salary. In order to obtain refund he should, after the close of the year, apply to the Collector stating—

(i) his total income in the year, giving detail of the several sources ;

(ii) the amounts deducted from his salary in any months of the year.

"The Collector, if satisfied that the total annual income is under Rs. 500, will declare the applicant entitled to refund of the amount deducted, and the amount will be paid like an ordinary refund. The Local Government may, if it considers necessary, prescribe a form on which the Collector's certificate can be given and the refund paid.

(*c*) If the salary drawn in any month is less than Rs. $\frac{500}{12}$, deduction need not be made on account of the tax on the ground that the salary of other months has been or will be such as to bring the salary of the year up to Rs. 500. The tax on salary should be deducted with reference to the salary of each month separately.

(*d*) In the case described in paragraph 1 (*d*) the salary under Part I. is liable to the tax, while the other income under Part IV. is not liable, as stated by the Advocate General. As to the levy of the tax under Part I., I am to refer to (*a*) of this paragraph.

"3. It is observed from paragraph 1 of your letter that the Government of Bombay proposes to embody the orders in the present case in a rule to be issued under Section 38 of the Act. I am directed to say that the Governor General in Council is of opinion that it will be better not to embody these orders in a rule having the force of law. Effect may be given to them by executive instructions."

RESOLUTION.—Copies of the letter from the Government of India should be forwarded to the officers to whom was communicated Government Resolution No. 996, dated 7th April 1886.

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## No. 1650.

FINANCIAL DEPARTMENT.

Bombay Castle, 10th June 1886.

Memorandum from the Commissioner, N. D., No. 1037, dated 30th March 1886—Forwarding one, No. 928, dated 26th idem, from the Collector of Broach, who submits the following letter from his Huzur Deputy :—

"With reference to Government Resolution No. 787 of the 19th March 1886, I have the honour to submit that according to the interpretation of the Act given in that Resolution, salaries of Government servants are to be taxed even though they be under Rs. 500 a year *if their* total income from all sources amounts to more than Rs. 500. I beg to inquire how the other sources of income are to be ascertained by the Treasury Officers disbursing the salaries ; whether the special officer who will be appointed for the city of Broach will send us a list of all servants under Rs. 500 a year whom he considers liable to the tax at the rate of 4 pies, and of all servants getting less than Rs. 2,000 whom he considers liable at the rate of 5 pies per rupee, or whether the disbursing officers should make enquiries themselves."

RESOLUTION.—The Collector should be referred to the orders contained in letter from the Government of India, No. 810,* dated 20th May 1886, paragraph 2 (*a*), from which he will see that the person paying salary should not question the recipient as to his other income.

* *Vide* preamble of Government Resolution No. 1649, dated 10th June 1886, *ante*.

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## No. 1687.

FINANCIAL DEPARTMENT.

Bombay Castle, 12th June 1886.

Resolution of the Government of India, Department of Finance and Commerce, No. 989, dated 28th May 1886 :—

"Read—

Rule 16 of the Rules published with Financial Notification No. 593, dated the 5th February 1886, prohibiting all public servants from making public or disclosing, except for the purpose of the working of Act II. of 1886, any information contained in the documents delivered or produced with respect to assessments under

Part IV. of the said Act, and declaring that any public servant committing a breach of this rule shall be deemed to have committed an offence under Section 166 of the Indian Penal Code.

"RESOLUTION.—The Government of India invites the special attention of all officers concerned with the working of Act II. of 1886 to the rule read in the preamble, and further directs that all officers engaged in working the Act shall not merely not disclose any information of the character above referred to, but shall be most careful, as far as practicable, to regulate their proceedings in such manner as to prevent information which should be kept secret becoming known. Information of this nature, it should be precautionally noted, is to be withheld by officers enforcing the Act from persons in the employment of assessees.

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RESOLUTION.—Copies of the Resolution of the Government of India should be forwarded to the officers concerned for information and guidance.

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## No. 1695.

FINANCIAL DEPARTMENT.

Bombay Castle, 12th June 1886.

Letter from the Political Agent, Cutch, No. 79, dated 24th May 1886:—

"Colonel Law, when Acting Political Agent in Cutch, instituted a 'Tomb Fund' in memory of his wife, who was buried in the Bhúj church-yard. This fund, Rs. 2,000, consisting of Government paper, is in trust in the names of the Accountant General and the Political Agent, and barely suffices for the purpose contemplated, viz., payment of the wages of a mali to water and tend the church-yard, repairs to the tomb, well, &c.

* * * * *

RESOLUTION.—The total annual income of the fund is below the taxable limit. The Political Agent should act on the Exception in Part III., Schedule Second.

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## No. 1733.

FINANCIAL DEPARTMENT.

Bombay Castle, 17th June 1886.

Memorandum from the Government of India, Department of Finance and Commerce—Forwarding a copy of the following letter No. 958, dated 22nd May 1886, to the address of the Government of the North-Western Provinces and Oudh:—

"I am directed to acknowledge the receipt of your letter No. 71—XIII.-101, dated the 3rd March 1886, forwarding copies of the rules and instructions issued by the Government of the North-Western Provinces and Oudh in connection with Act II. of 1886, and requesting orders on the following points:—

(*a*) Whether extracts from the Income Tax returns in Form No. I, showing the realizations from officers serving in the North-Western Provinces and Oudh whose salaries are audited by any auditing officer other than the Accountant General, should be forwarded to the Board of Revenue in order that the Provincial returns may be as complete as possible.

(*b*) Whether rules should be framed by the Government of India to provide for cases in which companies or individuals have places of business both in the North-Western Provinces and Oudh and elsewhere.

(*c*) Whether clause (*c*) of sub-section 1 of Section 18 of the Act should be amended so as to allow of the issue of special notices in places other than presidency towns—such, for instance, as Allahabad, Cawnpore and Lucknow.

(*d*) Whether any rules regarding composition for the tax under Section 31 of the Act are now required.

"2. In reply, I am to communicate the following orders of the Government of India on the several points raised:—

(*a*) It is not considered necessary that the Board of Revenue, North-Western Provinces and Oudh, should be furnished with extracts from the returns of realizations from officers in the North-Western Provinces and Oudh whose

salaries are audited by any auditing officer other than the Accountant General. It is considered most convenient that the Accountant General, Military Department, the Accountant General, Public Works Department, the Comptroller of Post Office Accounts, and the Comptroller of India Treasuries should each prepare one complete annual return in Form No. I. showing the realizations from officers serving respectively in the Military Department, the Public Works Department, the Post Office, and the Salt and other Departments of which the operations extend over more than one province, and of which the receipts and expenditure are not recorded on the books of the Provincial Accountant General. The preparation of those returns by province would give considerable trouble without sufficient advantage. Extracts of the returns relating to the Forest Department, the transactions of which are recorded on the books of Provincial Accountants General, will, however, be furnished for each province by the Comptroller and Auditor General.

(*b*) The Government of India does not anticipate any such difficulty in ascertaining the head-quarters of companies or firms carrying on business in more than one province as will necessitate the framing of rules. The Local Governments concerned should arrange between them what place should be considered as the head-quarters of the company or firm, and in what province the assessment should be made. In most cases there will be no doubt, and in the rare cases in which such mutual arrangement is impossible, a reference should be made to the Government of India.

(*c*) The Act precludes the service of special notices under clause (*c*) of sub-section 1, Section 18, in such places as Allahabad, Cawnpore and Lucknow. The Governor General in Council is of opinion that it is inexpedient to amend the Act in the manner suggested. The provisions of the clause were specially considered by the Select Committee. I am, however, to say that there is nothing to prevent a general notice under Section 18 (1) (*b*) being served as well as published, a copy of the published general notice being sent to such persons as the Local Government or the Collector may consider it desirable to treat in this way.

(*d*) The Government of India agrees with the Government of the North-Western Provinces and Oudh that it is not necessary at present, so far as the North Western Provinces and Oudh are concerned, to make rules regarding composition of the tax.'

RESOLUTION.—Copies of the letter of the Government of India should be forwarded to the officers concerned for information.

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No. 1748.

FINANCIAL DEPARTMENT.

Bombay Castle, 18th June 1886.

Letter from the Remembrancer of Legal Affairs, No. 682, dated 5th June 1886 :—

"With reference to paragraph 3 of Government Resolution No. 1532, dated 31st May 1886, I have the honour to report that information regarding the amount of interest payable on deposits in the Post Office Savings Bank can, in my opinion, no more be required by Income Tax Collectors for the purpose of making their original assessments than similar information can be demanded from private banks.

"2. The law for both cases is the same. The Collector may invite any person chargeable with Income Tax under Part IV. of the Second Schedule to make a return of his income in any case to which clause (*b*) or clause (*c*) of Section 18 of the Act applies, but if that invitation is not responded to, and in any case to which clause (*b*) and clause (*c*) of Section 18 are inapplicable, he must form his own estimate of the person's income. Evidence can only be taken, under Section 28 of the Act, if any person assessed applies to have his assessment revised."

RESOLUTION.—Copies of the letter from the Remembrancer of Legal Affairs should be forwarded to the officers to whom was communicated Government Resolution No. 1532, dated 31st May 1886.

No. 3447.

POLITICAL DEPARTMENT.

Bombay Castle, 18th June 1886.

Memorandum from the Financial Department, No. 1253, dated 6th May 1886—

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Report by the Accountant General, Bombay, No. G. A.—4328, dated 26th May 1886.

* * * * * * *

RESOLUTION.—Government concur in the view now taken by the Accountant General, and officers serving in the Somali Coast should not be held liable to Income Tax under Section 3 (5) of Act II. of 1886 unless they have taxable income accruing or received in British India.

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No. 1762.

FINANCIAL DEPARTMENT.

Bombay Castle, 21st June 1886.

Memorandum from the Commissioner, N. D., No. 1510, dated 10th May 1886—Submitting copy of one, No. 1183, dated 7th idem, from the Collector of Ahmedabad, together with copy of a letter from the Collector of Income Tax for the City and Cantonment of Ahmedabad, and for the Daskroi Táluka, requesting instructions whether he is to determine and levy assessment on the buildings occupied by the B. B. and C. I. Railway including the Rajputána-Málwa Railway within his jurisdiction under Section 24 of the Income Tax Act: the Collector observing that the buildings referred to are liable to assessment, but that it is believed that notwithstanding the recent partial amalgamation, the Rajputána-Málwa Railway is to be treated as a Government Railway and should not be taxed.

Memorandum from the Public Works Department of the Secretariat, Railway, No. 1318, dated 5th June 1886.

RESOLUTION.—Under Section 11 of the Act the principal officer of every Company in British India has to prepare the statement of net profits of his Company. As in this case the principal officer resides in Bombay the B. B. & C. I. Railway Company will be taxed in Bombay and not elsewhere.

2. As the Company are to be taxed only on their net profits, buildings occupied by them for the prosecution of their business are not liable to taxation.

3. With reference to the remark made in the concluding portion of Mr. Reid's memorandum he should be informed that a reference on the subject has been made to the Government of India by the Railway Department and that on the receipt of a reply thereto further instructions will be issued.

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*Income Tax Act of 1886: Rules under Section 38 of the——.*

No. 1791.

FINANCIAL DEPARTMENT.

Bombay Castle, 23rd June 1886.

Letter from the Secretary to the Poona Sárvajanik Sabha, No. 56, dated 7th May 1886—

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Letter from the Remembrancer of Legal Affairs, No. 662, dated 29th May 1886—Submitting, with reference to Government letter No. 1467, dated 25th idem, a draft rule providing for the recovery of the tax leviable under Part IV. of Schedule 2 of Act II. of 1886 in one sum in the Presidency Town and Aden, and in the rest of the Presidency in two instalments when the taxable income amounts to or exceeds Rs. 2,000 per annum, an interval of not more than six months being allowed between the instalments; stating that the rule may be added at the end of the rules submitted with his letter No. 402, dated 27th March 1886; and remarking as follows:—

"2. In drafting this rule, I am following what has been already done in the other provinces of India and what the Government of India appear to deem permissible under the Act; but it is my duty to mention that, in my opinion, such a rule is illegal as being inconsistent with Sections 29, 19 and 17 of the Act."

RESOLUTION.—His Excellency the Governor in Council does not consider that there is any legal objection to the enactment of such a rule as that now drafted by the Remembrancer of Legal Affairs. It should however be amended in accordance with the terms of paragraph 4 of Government Resolution No. 916,

dated 31st March 1886, and should, with the rules provisionally published under Government Notification No. 1005, dated 7th April 1886, now be finally* published in the *Government Gazette*.

* *Vide* Government Notification No. 1791, dated 23rd June 1886, *post*.

2. Copies of these rules should be forwarded to the Government of India and the Governments and Administrations of other Provinces in accordance with the instructions conveyed in paragraph 6 of the Government of India's letter No. 595, dated 5th February 1886.

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## FINANCIAL DEPARTMENT.

*Bombay Castle, 23rd June 1886.*

No. 1791.—The following rules made by the Governor in Council in exercise of the power delegated to him under Section 38 of Act II. of 1886 by the Honourable the President in Council are published for general information:—

1. For the purpose of ascertaining and determining any income chargeable with tax under Part IV. of the second schedule to the said Act, the gross receipts from every source of income not included in Part I., Part II., or Part III., of the said schedule shall be computed, no deduction being allowed on account of the maintenance of the person whose income is to be assessed, or of his family or domestic establishment, nor on account of any tax, rate or cess to which such person is liable, nor on account of any disbursement or expense not specially exempted from assessment by section 5 of the said Act, or not wholly and exclusively incurred in respect of the source of income in question.

2. Any person who claims exemption from taxation in respect of any income under clause (*e*) of sub-section (*1*) of section 5 of the Act, shall adduce proof that the property from which such income is derived is "solely employed for religious or public charitable purposes; and on his establishing such right of exemption, to the satisfaction of the Collector, shall be entitled to receive from the said officer a certificate to that effect, which, if the property consists of securities, shall be in the Form A hereto annexed which has been prescribed in this behalf by the Honourable the President in Council in No. 10 of the rules published in the Government of India's Notification* No. 593 of 5th February 1886, and, in every other case, shall be in the Form B hereto annexed.

* Vide *Bombay Government Gazette* of February 11th, 1886, Part I., page 112.

3. The conclusion of any arrangement by a Collector, under sub-section (2) of section 9 of the said Act, with a company, or with a public body or association not being a local authority or company or with a private employer shall be subject to the following conditions (viz.):—

(1) that the Collector may, if the conclusion of any such arrangement will thereby be facilitated, allow such company, body, association or employer to deduct from the amount of tax to be recovered by such company, body, association or employer, on behalf of Government from the person or persons receiving any salary, annuity, pension or gratuity from such company, body, association or employer, a commission at such rate not exceeding two per centum of the tax as they shall mutually agree upon;

(2) that the amount of the tax recovered on behalf of Government shall be paid by such company, body, association or employer, after deducting the commission, if any, agreed upon as aforesaid, to the credit of Government into such treasury or bank as the Collector directs within one week after payment of the salary, annuity, pension or gratuity in respect of which such tax has been recovered.

4. The lists to be prepared by Collectors under section 16 of the said Act shall be in English in the City of Bombay, and elsewhere, shall be in the vernacular language officially used by the Collector, and also if the Collector thinks fit, either wholly or in part, in some other vernacular language or in English.

5. Applications to compound for the tax assessable under Part II. or Part IV. of the second schedule to the Act shall be made in writing to the Collector.

6. Agreements for composition shall be in the Form C or D hereto annexed, as the case may be, or as near thereto as may be, and shall be for a period of not less than three years and not more than five years. Each agreement shall be made in two parts, one of such parts, signed by the person compounding, remaining with the Collector, and the other part, signed by the Collector, remaining with the person compounding.

7. No Agreement for composition for any tax chargeable under the Act shall be entered into, unless the income on which such tax is to be assessed amounts in the City of Bombay and in Aden and Perim to Rs. 10,000 or upwards, and elsewhere to Rs. 2,000 or upwards.

8. The amount of the composition shall in every case of a tax assessable under Part IV of the schedule aforesaid, be a sum equal to one hundred and five per centum of the amount of the tax at which the person compounding is finally assessed under the provisions of the Act for the first year of the period comprised in the agreement.

9. If any person who has compounded for the tax assessable under Part IV. of the schedule aforesaid dies or becomes bankrupt or insolvent before the expiration of the period comprised in his agreement, his agreement shall determine on the thirty-first day March next after his death, bankruptcy or insolvency, save and except as to any portion of the amount of composition which before the said day, shall have become payable and shall then be unpaid.

10. If in any part of the Presidency, except the city of Bombay and Aden, any income assessed under Part IV. of the schedule aforesaid amounts to or exceeds two thousand rupees, the amount of the tax may, if the person liable for the payment thereof so desires, be paid in two equal instalments, the first within sixty days from the date of publication of the list under Section 16, or of notice under Section 17, or of issue of notice of acceptance of return as correct under Section 18 (1) (*b*) or of agreement under Section 31 of the Act; and the second on such date as shall be fixed by the Collector in this behalf, being not more than six months from the expiry of the said sixty days nor less than two months before the end of the year for which the tax is due : provided, however, that in case of default of payment of the first instalment within the period aforesaid, the whole amount of tax due for the year shall be immediately recoverable.

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## FORM A.

(*Government of India's Form D. under their Rule 10.*)

I, , Collector of Income Tax, , do hereby certify that the interest on the security specified below, standing in the name of , is employed solely for purposes :—

| Description of Security. | Number. | Date. | Amount. |
|---|---|---|---|
| | | | |

*Dated* 188 .

Income Tax Collector.

## FORM B.

I, , Collector of Income Tax, , do hereby certify that the income derived from the property specified below, standing in the name of , is employed solely for purposes, and has accordingly been exempted from assessment for the Income Tax for the year ending 31st March 188 :—

| Description of Property. | Municipal No. | Amount of Income from the Property. | Remarks. |
|---|---|---|---|
| | | | |

*Dated* 188

Income Tax Collector.

## FORM C.

*Agreement* for composition for tax on income made under Section 31 of Act II. of 1886, between the Collector of and hereinafter called the 'compounding party.'

*It is hereby agreed—*

I. That for a period of years from the 31st day of March 188 the tax assessable upon the income of the compounding party derived from sources other than those mentioned in Parts I., II. or III. of the second schedule to the said Act and accrued in the shall be computed as follows, *viz.*:—For the first year at Rupees and for each subsequent year at Rupees

2. That the amount of such composition shall be paid without deduction on the day of next and the amount of Rupees for each subsequent year shall be paid without dedution on the day of in each subsequent year during the said period by the compounding party to the Collector at the office of the Collector.

3. That if default be made in payment of any of the said amounts on the date fixed for payment thereof, such amount shall be recoverable in the same manner and by the same means as any other assessment made under Part IV of the second schedule to the said Act.

4. If the compounding party dies or becomes bankrupt or insolvent before the expiration of the said period of years this agreement shall determine on the 31st day of March next after such death, bankruptcy or insolvency save and except as to any portion of the amount of composition which, before the said day, shall have become payable and shall then be unpaid. In witness whereof the Collector hath signed one part of this agreement and the compounding party hath signed the other part thereof this day of 188

Witness to the signature of the Collector of }

Witness to the signature of }

## FORM D.

*Agreement* for composition for tax on income made under Section 31 of Act II. of 1886, between the Collector of and hereinafter called 'the company.'

*It is hereby agreed—*

1. That for each and every year for a period of years from the 31st day of March 188 , the tax assessable upon the whole of the net profits made in British India by the company shall be computed at Rs.

2. That the amount of such composition Rs. shall be paid without deduction on the day of in each year of the said period by the company to the Collector at the office of the Collector.

3. That if default be made in payment of any of the said amounts on the date fixed for payment thereof, such amount shall be recoverable in the same manner and by the same means as any other assessment made under Part II. of the Second Schedule to the said Act.

In witness whereof the Collector hath signed one part of this agreement and the said company hath affixed its seal and duly executed the other part thereof.

Dated this day of 188

Witness to the signature of the Collector

The common seal of the Company, Limited, hath been affixed hereto in pursuance of a resolution of the Board of Directors in the presence of

*By order of His Excellency the Right Honourable the Governor in Council,*

T. D. MACKENZIE,
Acting Secretary to Government.

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No. 1796.

FINANCIAL DEPARTMENT.

Bombay Castle, 24th June 1886.

Letter from the Officiating Under Secretary to the Government of India, Department of Finance and Commerce, No. 350, dated 22nd April 1886 :—

" I am directed to forward copy of the correspondence noted in the margin with the Chief Commissioner, Central Provinces, and to request that the Government of India may be informed what the practice was in regard to the assessment under the previous Income Tax Acts of the profits that are set aside by a Company to form a depreciation and renewal fund or an insurance fund, and also as to the profits that are applied to the reduction of debt instead of being distributed in dividends. I am also to invite suggestions as to the definition of ' net profits '."

From the Chief Commissioner, Central Provinces, No. 710—47, dated the 23rd February 1886.
To the Chief Commissioner, Central Provinces, No. 1168, dated 11th March 1886.
Telegram from the Chief Commissioner, Central Provinces, dated the 17th March 1886.

Letter from Mr. Dosábhái Frámji, C.S.I., Joint Commissioner for the purposes of the Income Tax Act, Bombay, dated 21st May 1886— * * * * * *

RESOLUTION.—Copy of Mr. Dosábhái Frámji's letter, which clearly explains what was the practice in Bombay under the previous Income Tax Acts regarding the matters specified by the Government of India, may be forwarded to that Government.

2. It should be stated in the forwarding letter that in the opinion of His Excellency the Governor in Council " net profits" may be defined as " that portion of the gross earnings in the year of assessment, which remains at the disposal of the company after paying all charges necessarily incurred in effecting those earnings, and in providing against destruction of the capital from which those earnings are derived."

## No. 1814.

FINANCIAL DEPARTMENT.

Bombay Castle, 24th June 1886.

Letter from Mr. J. A. Baines, C.S., on special duty for the purposes of the Income Tax Act, No. 12, dated 27th May 1886 :—

"I have the honour to submit for decision the following doubtful point in connection with the taxation of securities, and the general liability of married women subject to the law of England :—

'The wife of a European British subject in Government service, whose salary is taxed under Part I., holds securities in her own name, the interest on which does not reach Rs. 500 per annum, and she has no other income. The question is whether she is entitled to a certificate of exemption under Part III., Schedule II., or whether in estimating her "income from all sources," her husband's emoluments are to be taken into consideration ?'

"2. The Collector of Ratnágiri, in asking me the above question does not mention the source from which the investment was derived, but as the Married Women's Property Act may apply, and the wife not be considered to be deriving an income from the means of her husband, separately acquired, I think it better to refer the matter to Government for legal decision."

Letter from the Solicitor to Government, No. 505, dated 15th June 1886—Submitting the following opinion, No. 29, dated 12th June 1886, from the Honourable the Advocate General :—

"With reference to letter No. 12, from Mr. J. A. Baines, C.S., dated May 27th, 1886, I am of opinion as follows :—

"Assuming the securities in question to be the separate property of the married woman in whose name they stand, which is implied though not expressly stated in the letter under reply, I think that the holder is entitled to a certificate of exemption under Schedule II., Part III. of Act II. of 1886. There may be circumstances under which the income of the wife may be included in the husband's income, but I can imagine no circumstances under which the husband's emoluments can be taken into consideration in estimating the wife's income."

RESOLUTION.—Copies of the Honourable the Advocate General's opinion should be forwarded to Mr. Baines and the other officers concerned for information and guidance.

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## No. 1841.

FINANCIAL DEPARTMENT.

Bombay Castle, 26th June 1886.

Memorandum from the Commissioner, S. D., No. 1299, dated 21st May 1886—Submitting a letter No. 1579, dated 13th idem, from the Collector of Belgaum, who requests with reference to paragraph 1 of Government Resolution No. 997, dated 7th April 1886, that in the circumstances explained Government may be moved to confer the requisite powers to hear appeals under the Income Tax Act on the Assistant Collectors in charge of the talukás : and observing as follows :—

"2. Under the orders of Government, as they now stand, all appeals from the assessments made by special officers and Mámlatdárs in the mofussil lie to the Collector of the district. Collectors cannot, however, find time to dispose of all appeals under the Income Tax Act without detriment to other more important work. Undersigned therefore suggests that Assistant and Deputy Collectors in charge of tálukás should be specially authorized to hear these appeals, if it be held that the Collector cannot delegate his powers under the Income Tax Act to his Assistants under Section 10, Clause 2, of the Land Revenue Code.

"3. Assistant Collectors were entrusted with, and did exercise with discretion, appellate powers under the License Tax Act, and the Commissioner sees no reason why the same powers should not be conferred on them under the Income Tax Act."

RESOLUTION.—His Excellency the Governor in Council is pleased to cancel paragraph 1 of Government Resolution No. 997, dated 7th April 1886, and to issue the following revised orders.

2. When the officer, whether special or not, who assesses under Sections 14—17 of Act II. of 1886 is in the position of a Mámlatdár or Mahálkari, the petitions of objections to his assessments under Sections 25 and 26 should be heard by the Assistant or Deputy Collector in charge of the táluka as

already directed in Government Resolution No. 558, dated 3rd March 1886. When the said officer is of the rank of Deputy Collector or City Magistrate, a petition against the assessment under Sections 25 and 26 will be heard by the Deputy Collector or City Magistrate himself. Any person deeming himself aggrieved by an order under Section 26 has the remedy of Section 27.

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No. 1846.

FINANCIAL DEPARTMENT.

Bombay Castle, 26th June 1886.

Memorandum from the Commissioner N. D., No. 1704, dated 28th May 1886—Submitting one, No. 1815, dated 22nd idem, from the Collector of Surat, who forwards copy of the following letter No. 13, dated 8th idem, from the Joint Collector of Income Tax, Surat and Broach:—

"The question as to how the income of an undivided Hindu family is to be calculated in assessing it under Act II. of 1886 having been disposed of in Government Resolution No. 1237 of the 3rd instant, I have the honour to request, with reference to Section 7 of the Act, that you will be so good as to inform me whether the disbursing officer will, in communication with the heads of the different departments, deduct Income Tax from the salary of persons in Government service, whose individual monthly income is less than Rs. 41-10-8, but when aggregated with the salaries of other members of his family who are also in the service of Government becomes liable to pay the tax; and if so whether the Treasury Officers are to be held to have the power to make enquiry about the income of such a family.

"It would be long before the Income Tax Department could collect the information and communicate it to the Treasury Officers, and in that case the provision of Section 7 of the Act which requires that the salary, annuity, pension or gratuity payable to a person by Government shall be reduced by the amount of the tax, cannot be properly carried out, as salaries, &c., will be paid without deducting the tax therefrom. I request to be favoured with instructions on this point.

"Section 5 (1) *(e)* of the Act exempts from payment of the tax income derived from property solely employed for religious or public charitable purposes, but under Sub-Section (2) of Section 5 an officer or servant paid from such income is not exempt. By their Notification No. 434, dated 24th ultimo, republished at page 402 of the *Bombay Government Gazette*, dated 6th instant, the Government of India have exempted from taxation the income of Universities or other Associations or bodies existing solely for educational purposes. I beg to be informed whether the income of the officers of the Mission House and School, whose salaries are remitted to them by the managers of the fund not existing in India, should be held to be exempt from payment of the tax; or whether it should be taxed as it is earned and received for service done in British India, *vide* definition of the word 'Income' given in the Act.

"In Government books the name of A is entered as representative of a family, who receives a cash allowance of Rs. 500 a year from Government, but whose other interests are divided. A's share is, on account of his other income, taxable at five pies in a rupee. B is another sharer whose share is taxable at four pies in a rupee. C is a third sharer whose income is not taxable under the Act. Instructions are solicited whether the shares of A and B should be taxed at the rate of five and four pies respectively exempting the share of C, or whether the tax should be levied, as in the case of Government securities, at 5 pies on the aggregate sum of Rs. 500, leaving the parties concerned to obtain refund in the usual way."

* * * * * *

RESOLUTION.—A difficulty occurs in reconciling the procedure directed in the Legal Remembrancer's No. 479 of April 14th, opinion on question 1, printed in heading of Resolution No. 1237 of May 3rd, with the instructions of the Government of India in letter No. 810 of May 20th, paragraph 2 (*a*), printed in heading of Resolution No. 1649 of June 10th. The Government of India direct that "the person paying the salary should not, however, question the recipient as to his other income. He should deduct the tax solely with reference to the month's salary unless the Collector brings to his notice that the recipient has other income." Under this direction it is more convenient, and it is admissible under an opinion given by the Honourable the Advocate General, to deal separately under Part I. with a salary paid to one member of an undivided family, regarding the salary as paid to an individual, though that individual is a member of a

Hindu undivided family. The salaries of individuals who are members of undivided families will thus not be taken into consideration in estimating the amount of the income of the undivided family which will be taxable under Part IV. The salary by itself may not be taxable under Part I., but if the Collector brings to notice that the recipient has other income which makes the salary taxable (Section 5, *j*), viz., his proportionate share of the income of the undivided family of which he is a member, the person paying the salary will tax it under Part I. This procedure should be adopted in place of that approved in Government Resolution No. 1237.

2. Under the orders contained in Government Resolution No. 1532, dated 31st ultimo, the salaries of missionaries are liable to the tax, and provided the salaries are received in British India it is not material whether the funds from which they are paid exist in British India or not.

3. The question raised in the last paragraph of the Joint Collector's letter is not understood. It has been ruled in Government Resolution No. 1369, dated 14th ultimo, that cash allowances are assessable under Part IV. of Schedule 2 of the Act, and if, as Mr. Anuprám Bálmukandás appears to intend to convey, the cash allowance is shared by A, B and C, being members of a *divided* Hindu family, each of them will be assessed on his actual income under Part IV., including his share of the cash allowance.

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No. 1847.

FINANCIAL DEPARTMENT.

Bombay Castle, 26th June 1886.

Letter from Mr. J. A. Baines, C.S., on special duty for the purposes of the Income Tax Act, No. 17, dated 9th June 1886 :—

"As I have now seen through the press the draft forms prepared under the Income Tax Act, I hope that within a few days a complete set of the same may be in the hands of Government. I submit, accordingly, one or two points on which before issuing the forms for use it is necessary for Government to pass a decision.

"2. As regards the question of returning two sorts of income under Part IV., I have already given my opinion, and pending the modification of the Act, the forms have been drafted in accordance with the law as it now stands, namely, to the exclusion of all incomes but those coming under Part IV. from forms prepared under Part *D.* of Chapter III.

"3. The day-book has been drafted in the ordinary form, but it is open to question whether it should not be generally understood that taxes assessed by the special officer should be collected through him, and paid by 'chillan' into the Treasury. Thus all salaries of officials and all interest on public securities will be taxed directly by the disbursing officer, whilst salaries under Part I., received from companies, local authorities, or private employers, will be ordinarily, in default of special understanding on the subject, be taxed by the special officer. It will be found more convenient, probably, to have all refunds made by the Treasury Officer direct on order by the revising officers. Space for such payments has, however, been left in the day-book.

"4. In mentioning the penalty for default under Section 30 of the Act, I have adopted a different reading from that in Form H. of the Joint Commissioners, as it seems that the amount to be collected in case of default is up to twice, not thrice, the assessment. In this point the new Act differs from the License Tax Act which it supersedes.

"5. The most important question, however, which I desire to bring to the attention of Government, is the advisability of issuing individual notices, such as are prescribed in Section 17, in all cases, and not merely in those of incomes assessed as being over Rs. 2,000. In the first place it has been found that a general notice is not enough in a large and busy town, where it is not the custom of the people to habitually pay attention to what is published in the adjacent public building. In Bombay, in addition to the notice under Section 16, an individual notice (Form I.) is always served, and I would suggest that this practice, either in addition to, or in substitution of, the general notice, be adopted throughout the Presidency proper. In Sind it may be that the agency for service is inadequate for such a purpose in the outlying districts. The sole question is how to make such notices of legal value. The extra trouble of preparation and service would be more than repaid by the greater security of the procedure, and by the favour with which such a concession would be received by the middle classes, always the most

numerous on the assessment roll. Where the status of an individual is so much one of caste, I think it might be inadvisable to accentuate a pecuniary graduation, especially an arbitrary one, such as that between incomes of above and below Rs. 2,000 a year, a distinction which is of scarcely any account in the ordinary life of a native community. As to the means of issuing these notices, there are two alternatives. It is obvious that when individual notices of assessment are given, it is superfluous to publish in a general list anything beyond the nominal roll such as is usually published in England in the case of Rates and Taxes. The separate notice may be held to be the 'publication' required under paragraph 5 of Section 16. The alternative is to place all incomes under Rs. 2,000 into a 'specified class,' and serve the notices under Section 17. If the legal advisers of Government consider that this can be done without violating the letter of the law, it will be the best solution of the difficulty, but I am doubtful if the general application of Section 18—1 *(a)* is legal. Assuming that Section 17 can be applied to all minor incomes, it becomes a question whether the notice should be in place of, or in addition to, the general notice. I am of opinion that it should be in place of the list under Section 16. As I have shown above, the publication of details will be superfluous, and by the suppression of the list altogether, the liberty of inspection, which is practically unlimited under paragraph 4 of Section 16, will be stopped, and the details of a person's calling will be no longer open to any mischief-maker or busy-body of the place. The object of the provision, which is clearly that of affording a person an opportunity of obtaining information as to his assessment which may not have been made public under paragraph 5, will be attained by other means, and the subsidiary uses of a published list, other than those of direct notification, may be increased, now that its odium is removed by the omission of personal or private matter, by the inclusion in it of assessees of all classes, whatever their income.

"6. In the draft now placed before Government it has been assumed that notices will be issued to all assessees, so that only certain portions of the list will be published. If Section 17 be rendered applicable to all, this list will become informal, like the Form I. in use in Bombay, and would include every person assessed. If it remain under Section 16, the mention of instalments is superfluous, as is that of the 'list' in the first paragraph of the heading in the other case. When the amendment of the Act is under consideration, it may be deemed worth while to omit the words 'specified cases or classes of cases' from Section 18—1 *(a)*; and also to limit the right of inspection under paragraph 4 of Section 16, to 'any person assessed therein.'

"7. Pending the settlement of the anomalous cases connected with Part IV., I have drafted no instructions as to classification, or bringing on to the books incomes falling under two or more heads, and below the taxable minimum in each respectively. The perpetually recurring difficulty of the 'undivided' family, too, suggests to me that in cases such as No. 1 of those mentioned in Resolution 964 of 3rd April last it may be advisable for Government to prescribe a means whereby one member of the joint family becomes liable, out of his salary, for the whole of the tax due from the family, taken as a whole, and Government on its part certifies the exemption of the rest of the members. It is not rare to find that the head of a family of this sort is less able to pay the whole of the tax due from the family than some one of the younger members.

"8. Various forms have been urgently asked for by several Collectors, especially notices, receipts, and the general list. I purpose to have the Kánarese translations completed before I finish my tour in the Southern Division, and can probably manage to have the Maráthi versions also ready by that time, provided the necessary sanction is given. The Gujaráti translations will have to be prepared elsewhere. The Index, together with four of the Forms under consideration, is herewith submitted."

Office note from Mr J. A. Baines, C.S., on special duty for the purposes of the Income Tax Act, dated 22nd June 1886—Making certain observations on the draft forms under the Income Tax Act submitted by him.

RESOLUTION.—The forms submitted by Mr. Baines are approved and sanctioned with a few modifications which are indicated below.

2. From the list of draft forms and the explanatory notes prefixed thereto it is understood that Mr. Baines means Form II. to be used for *(a)*, *(b)*, *(c)* and *(d)*, the headings alone being altered as occasion requires. This should accordingly be done in printing them off.

3. Mr. Baines is correct in his interpretation of Section 30 of the Act, but note 4 in Form 7, and paragraph 4 of Form 10 scarcely make this clear. In the former the note should be as follows: "Failure to comply with the instructions given renders the person assessed liable to an additional fine not exceeding the amount of the tax as above due" &c. &c.: and in the latter "Failure to pay the tax as above directed will render you liable under Section 30 of the Income Tax Act to an additional fine not exceeding the assessment due from you"

&c. &c. It is observed that the Joint Commissioners in Bombay have in Form H misinterpreted Section 30 of the Act, and they should amend their form in accordance with the above ruling.

4. As regards paragraph 2 of Mr. Baines' letter, Government have on the question of returning two sorts of income under Part IV. made a reference to the Government of India. Copy of this Government letter* may be sent to Mr. Baines for guidance in preparing his forms. He will understand that if the Collector wants a return of income under Parts I., II., III. for his own information he can demand it in the prescribed form or prescribe it in the form he demands.

*Vide* preamble of Government Resolution No. 2108, dated 19th July 1886, *post.*

5. The column showing the "estimated amount of income or profit taxed" in Form 10 should be omitted as it is not authorized by the Act, the latter of which should be strictly followed.

6. Forms 23, 24, 25 (the last of which is wrongly printed in the draft as 23), should have an additional column for the entry of notices under Section 17 served by *registered letter*.

7. The suggestion by Mr. Baines in paragraph 3 of his letter, viz., that "taxes assessed by the special officer should be collected through him and paid by 'chillan' into the the treasury" is approved as the most convenient method of collection, and should be generally adopted, while his proposal to "have all refunds made by the Treasury Officer direct on order by the revising officers" is also approved and should be acted on.

8. Government are unable to accede to the proposition that "it is advisable to issue individual notices such as are prescribed in Section 17 in all cases and not merely in those of incomes assessed as being over Rs. 2,000." To do so would be directly contrary to the procedure prescribed in Section 16 of the Act. Such notices, as Mr. Baines himself observes, would have no legal value, and his alternative suggestion of placing all incomes under Rs. 2,000 in a "specified class" under Section 18 is clearly illegal as the Act now stands. Proposals to amend these provisions must be deferred until experience has shown where they cause practical inconvenience, and in the meantime Mr. Baines should be careful in his forms to follow the letter of the Act exactly, or confusion will result. It may also be observed that it is not very clear how the limitation of the right of inspection of the list under paragraph 4 of Section 16 "to any person assessed therein" would prevent "busy-bodies or mischief-makers" from inspecting it, as such individuals are not excluded from assessment or entry in the list.

9. Regarding the question raised in Mr. Baines' 7th paragraph he may be referred to the orders under Government Resolution No. 1846, dated 26th instant, from which he will see that the salaries of individuals who are members of undivided families are not to be taken into consideration in estimating the amount of the income of the undivided family which will be taxable under Part IV. The question whether any one member of an undivided family can as suggested be legally held liable for the tax leviable on the entire income of the family under Part IV. is very doubtful, and it may be referred to the Legal Remembrancer for opinion.*

*Vide* Government Resolution No. 2191, dated 26th July 1886, *post.*

10. Mr. Baines should amend such of the forms as have been noticed above as quickly as possible, and arrange with the Superintendent, Government Central Press, for all the forms being printed without delay, and supplied to the Collectors, as the work of collections is at a standstill for want of the forms. He appears to have already arranged for their early translation into Kánarese and Márathi and he should supply copies in English to Ráo Bahádur Bhimbái Kirpárám, Assistant to the Director of Agriculture, who should be requested to translate into Gujaráti and return them to the Superintendent, Government Central Press, with the utmost expedition, in order that they may be distributed to the various Collectors.

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No. 1862.

FINANCIAL DEPARTMENT.

Bombay Castle, 29th June 1886.

Memorandum from the Government of India, Department of Finance and Commerce, No. 1266, dated 9th June 1886—Forwarding a copy of their following letter of the same number and date to the address of the Government of Madras :—

"I am directed to acknowledge the receipt of your communication No. 320—A, dated the 5th May 1886, referring for orders the following questions in connection with the tax to be levied under Act II. of 1886 :—

(*a*.) Where a public servant holding a permanent appointment of Rs. 41-10-8 or more per mensem has paid the tax on his salary for the first few months of the year, and is subsequently degraded to a lower appointment, and the aggregate salary drawn by him for the year falls below the minimum of Rs. 500, is the tax already levied to be refunded to him on application ?

(*b*.) In the case of servants whose services are lent to Court of Wards or public bodies, is the tax to be levied on the gross pay, or on the net amount after deducting pensionary contributions ?

"2. As regards (*a*), I am to refer you to paragraph 2 (*b*) of the letter from this Department, No. 810, dated the 20th May 1886, to the Government of Bombay, a copy of which was forwarded to the Government of Madras.

"3. As regards (*b*), I am to state that the tax should be levied on the net and not on the gross salary."

RESOLUTION.—Copies of the memorandum from the Government of India and of its accompaniment should be forwarded to the officers concerned for information and guidance.

2. The communication from the Government of India referred to in paragraph 2 of their present letter to the Government of Madras was circulated with Government Resolution No. 1649, dated 10th June 1886.

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No. 1867.

FINANCIAL DEPARTMENT.

Bombay Castle, 29th June 1886.

Letter from the Commissioner in Sind, No. 1964, dated 10th June 1886 :—

RESOLUTION.—Police Clothing and Horse Funds are clearly Service Funds, the interest on securities belonging to which has been exempted from the tax by the Government of India under Rule 13 of the Rules circulated with Government Resolution No. 380, dated 12th February 1886.

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No. 1903.

FINANCIAL DEPARTMENT.

Bombay Castle, 2nd July 1886.

Letter from Mr. J. A. Baines, C.S., on special duty for the purposes of the Income Tax Act, No. 25, dated 22nd June 1886 :—

"I have the honour to inquire whether it is the wish of Government that the Collectors, before proceeding to realize the Income Tax, should submit lists of their assessments to Government for approval ? If so, then in what form and by what channel should the information be submitted ?

"2. I would suggest that the first 17 columns of Return III., appended to the Government of India's Circular No. 593 of the 5th February last, will be a convenient form. It has already been used by Mr. Ebden in sending me demi-officially the first list for Bijápur. The assessing officers ought now to be able to give a classified list of taxation under Part IV., and to form an estimate of the amount to be expected from non-government employés under Part I. The treasury officers can estimate from the three months' receipts, what will be the yearly assessment of Government servants, save in Poona, where the receipts are irregular. The same officers have the taxation of the interest upon Government securities. The classification of Part IV. and Part II. can be easily managed, and there is no urgent necessity for classifying salaries at present. Form No. V. in the series I recently submitted for approval provides for this list.

"3. Pending the preliminary operations, I have been examining the district returns for license tax, and as the greater part of the present tax will be on incomes already taxed under the former Act, it might suit Government to prescribe that the Collectors should send their lists in the first place to me, so that I can submit them to Government with the comparison with the former collections arranged in the most convenient form for testing the assessments by.

"4. Government have not prescribed the preparation of the Appendix E. to Circular No. 509 of 13th February 1878. Some of the Collectors are having it revised and brought up to date, and it would be advisable, perhaps, to have it generally put in hand along with the annual census in villages, though I would not propose that the sanction of the lists should be delayed merely for this return, since we are in a better position than in 1878 to judge of the results of direct taxation, independently of this information."

* * * *

RESOLUTION.—Lists of proposed assessments should before the latter are realised be submitted for approval to Government, through Mr. Baines, who should forward them with the comparative statements referred to in his 3rd paragraph. The lists may be submitted in the form suggested in Mr. Baines's 2nd paragraph.

2. The suggestion that Appendix E to Circular No. 509, dated 13th February 1878, should be revised and brought up to date is approved and should be acted on.

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No. 1907.

FINANCIAL DEPARTMENT.

Bombay Castle, 3rd July 1886.

Letter from Mr. J. A. Baines, C.S., on special duty for the purposes of the Income Tax Act, No. 24, dated 18th June 1886:—

"I have the honour to state that I have been asked how the Income Tax is to be levied on the emoluments of Sub-Registrars, which, consisting mainly of fees, fluctuate considerably from month to month. In some cases the amount will not reach the taxable minimum, though taking all the year round, the income will exceed Rs. 500.

"2. It seems to me that this is a case in which the instructions of the Government of India, printed with this Government's Resolution No. 1649 of the 10th instant, clearly apply, and that after it has been found from an inspection of the accounts of the preceding year that the fees, etc., of a Sub-Registrar amount to over Rs. 500 in the twelvemonth, he should be taxed on the receipts of every month in which his receipts exceed Rs. 41-10-8, and exempted whenever he may have become entitled to less remuneration. At the end of the year he will be allowed to submit the return of his actual income from all sources, sanctioned in paragraph 2 of the above quoted letter, and obtain thereon a refund of the amount of tax paid, if he can show that his income has fallen below the minimum."

RESOLUTION.—Mr. Baines' paragraph 2 is correct if the first five lines down to 'twelvemonth' are omitted.

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No. 1909.

FINANCIAL DEPARTMENT.

Bombay Castle, 3rd July 1886.

Letter from the Officiating Under Secretary to the Government of India, Department of Finance and Commerce, No. 172, dated 13th April 1886— * * * *

Memorandum from the Marine Department of the Secretariat, No. 82-P.T., dated 25th May 1886— * * * * * * *

Letter to the Government of India, No. 1546, dated 31st May 1886.

Memorandum from the Government of India, Department of Finance and Commerce, No. 1384, dated 14th June 1886—Forwarding, with reference to the correspondence ending with the letter from this Government, No. 1546, dated 31st May 1886, a copy of their following Notification No. 1383, dated 14th June 1886 :—

"In exercise of the powers conferred by Section 38 of Act II of 1886, the Governor General in Council is pleased to rule—

(1). Contributions made by the employés of the Bombay Port Trust to the Provident Fund established for their benefit, to whom Clause (*g*) of Section 5 of Act II of 1886, does not apply, shall be exempt from liability to assessment under that Act on the same conditions and to the same extent as sums deducted from salary under the authority or with the permission of the Government are exempt under the said clause.

(2). The Provident Fund of the Bombay Port Trust shall be deemed to be a 'Service Fund' within the meaning of Rule 13 of the Notification of the Government of India in the Department of Finance and Commerce, No. 593, dated the 5th February 1886."

RESOLUTION.—Copies of the Notification of the Government of India should be forwarded to the Marine Department and to the officers to whom was communicated Government Resolution No. 886, dated 29th March 1886.

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No. 1944.

FINANCIAL DEPARTMENT.

Bombay Castle, 6th July 1886.

Read again Government Resolution No. 1903, dated 2nd July 1886—Directing that lists of proposed assessments under the Income Tax Act of 1886 should be submitted to Government for approval, through Mr. Baines, before the assessments are realized.

RESOLUTION.—It is unnecessary for the Bombay lists to be submitted to Government for approval, but the Income Tax Commissioners may be asked to submit for information a statement showing the classes and the amounts which they expect to realise under each class.

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No. 1950.

FINANCIAL DEPARTMENT.

Bombay Castle, 8th July 1886.

Letter from Mr. J. A. Baines, C.S., on special duty for the purposes of the Income Tax Act, No. 19, dated 13th June 1886 :—

"As required in Resolution No. 1649 of 10th instant, I have the honour to submit a draft form of the certificate required in the case of a salaried assessee, who is entitled to a refund of Income Tax, accompanied by the form in which his demand for the refund should be presented. (Forms 26 and 27).

"2. The Government of India in paragraph 2 (*a*) of their letter No. 810, printed as the preamble to the above Resolution include income under Part II. of the Act, so I have left room for it in the return. I have already mentioned, however, that it would rarely be found in such cases as the special ones in question, but the inclusion may clash with the concluding sentence of paragraph 1 of Resolution No. 1238 of 3rd May.

"3. I have assumed that the salary will be taxed monthly, as the cases of private employés coming under Section 9 (1) will not be many. I would also point out that the statement of income seems to be voluntary and that mis-statement cannot be punished under the present law, because Section 33 refers only to Parts II. and IV., and no other penal section seems to apply to income other than under the latter.

"4. I also append a form of notice (No. 28) which may be found useful in connection with the conclusion of Clause (*a*) of paragraph 2 of the Government of India's letter. Lastly I submit a tentative form (No. 29) which may be wanted to meet the case of undivided families. It must be left for the experience of district officers to decide the

most certain and convenient mode of taxing such cases, but the draft may, perhaps, be subjected to criticism with the rest. I have purposely omitted the term 'Hindu' in connection with that of 'undivided,' as I believe the Jains come under the same rule, and I even find Mahomedans calling themselves 'joint' and 'divided,' when the legal term would probably be 'a firm.'

"5. The drafts have been marked for the Press, so that in case Government requires them to be printed, they can be sent direct, and the first proofs sent to me for correction and translation as in the case of the rest."

RESOLUTION.—The meaning of the last sentence of paragraph 1 of Resolution No. 1238 of May 3rd was, that as the profits of Companies are taxed under Part II., income forming part of such profits cannot be taxed over again as part of an aggregate income under Parts I., II. and III. But such income can be taken into account in deciding whether a person's aggregate income is of such amount as to make his income under Part I. taxable though less than Rs. 500.

2. Forms Nos. 26, 27 and 28 are approved. In Form No. 28 the words "more than," apparently retained through oversight, should be omitted. Mr. Baines is correct in assuming that mis-statements made by parties submitting applications for refunds in Form No. 26 are not punishable under the Act.

3. Paragraph 3 of Section 46 of the Act requires that a notice of assessment in the case of a Hindu undivided family should, whenever practicable, be served on the manager of the joint estate of the family and to this extent Mr. Baines' draft Form No. 29 is permissible. There is no provision requiring or permitting the adoption of a similar course in regard to undivided families of other races. It is not clear whether it is intended by the terms of this draft form that in default of a private arrangement among the members of an undivided family for the payment of the tax imposed on it, the manager of the joint estate would in any case be held liable for the whole tax. This point has already been referred* to the Legal Remembrancer for opinion,† subject to which, and with the modification that the form should be made applicable to Hindu undivided families only, the draft Form No. 29 is approved and sanctioned.

* *Vide* paragraph 9 of Government Resolution No. 1847, dated 26th June 1886.

† *Vide* Government Resolution No. 2191, dated 26th July 1886, *post*.

4. The forms may be printed and translated as suggested by Mr. Baines.

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No. 2017.

FINANCIAL DEPARTMENT.

Bombay Castle, 13th July 1886.

Letter from the Commissioner, C. D., No. R.—2524, dated 24th June 1886:—

"The Collector of Sátára refers to me a question raised by the Mámlatdár of Wái as to whether the amount of *Hoondá* paid by the parents of the bride to the parents of the bridegroom in a Hindu marriage is assessable under Act II. of 1886, if the same exceeds Rs. 500.

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RESOLUTION.—"Hoonda" paid in cash is income of the recipient for the year in which the payment is made and as such is taxable under the Act.

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No. 2053.

FINANCIAL DEPARTMENT.

Bombay Castle, 14th July 1886.

Letter from the Joint Commissioners for the purposes of the Income Tax Act, Bombay, No. 298, dated 20th May 1886— * * * * *

Letter from the Joint Commissioners for the purposes of the Income Tax Act, No. 486, dated 28th June 1886:—

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"4. Thus in reference to Section 18, Sub-Section (1), Clause (*a*), we submit the following rule as embodying our recommendations in respect of persons whose annual income does not amount to Rs. 2,000:—

(*a*) The Income Tax Collector is authorized to serve upon all or any of the persons whose names are included in the list, prepared under Sub-Section (1) of Section 16, and filed in his office under Sub-Section (3) of the said section, a notice inviting the attention of such persons to the list.

(*b*) When a person is discovered in a locality and found liable to the tax under any of the classes prescribed in Part IV. of the second schedule of the Income Tax Act, after the list under Section 16 has been prepared and filed, the Collector is authorized to serve on such person a notice under Section 17 instead of including his name in the list.

"5. Persons whose annual income amounts to Rs. 2,000 or upwards are liable to be served with a notice under Section 17, and we cannot think of any cases in which it may be necessary to include their names in the list of assessment instead of, or in addition to, serving them with a notice. A rule for this class of persons therefore does not seem to be necessary at all events at present."

RESOLUTION.—The rules now submitted by the Joint Commissioners are different from Rule 8 of the draft rules previously submitted with their letter No. 4, dated 2nd March 1886. In the present letter the Joint Commissioners suggest the framing of rules under Section 18 (1) (*a*) in respect of persons whose annual income does not amount to Rs. 2,000 and consider that no such rules are required for the present in regard to those whose annual income amounts to or exceeds Rs. 2,000.

2. Section 18 (1) (*a*) does not contemplate the framing of a rule of the nature suggested in paragraph 4, Clause (*a*) of the Joint Commissioners' letter, viz., a rule authorizing the Collector to invite by a notice the attention to the list prepared under Section 16, of all or any persons included in the list. Section 16 (5) provides for the further publication of the list prepared and filed in the Collector's office under Clauses (1) and (3) of that section "in such manner as the Local Government may consider to be best adapted for giving information to all persons concerned." In view of the strong opinion expressed by the Joint Commissioners the Collector of Income Tax in Bombay may be authorized to further publish the list by inviting by a notice the attention to it of all or any persons included in it.

3. There seems to be no objection to the adoption of the rule proposed in Clause (*b*) of paragraph 4 of the Joint Commissioners' letter.

4. The rules under Section 18 (1) (*a*) and (*c*) for the town of Bombay will now be complete. Those under Clauses (*a*) and (*b*) of the same section for Aden have already been approved.* It now remains to frame a general rule under Section 18 (1) (*a*) authorizing the Collectors in the rest of the Presidency to use Section 17 instead of Section 16 in the case of any person to whose condition the procedure under Section 17 seems more suitable than that under Section 16, and also a rule applying the provisions of Section 18 (1) (*b*) to the towns noted in the margin.† The Remembrancer of Legal Affairs should be requested to submit a draft notification ‡ embodying all these rules under Section 18 for publication in the Gazette. In the notice mentioned in Clauses (*b*) and (*c*) of Section 18 (1) one week's time may be fixed as the period within which after service of notice the return therein mentioned should be furnished to the Collector by every person chargeable to the tax under Part IV., Schedule 2 of the Act.

* Government Resolution No. 1352, dated 14th May 1886.

†Town and Cantonment of Belgaum,
" " Karáchi.
" " Hyderabad.
" " Jacobabad.
Towns of Dhárwár, Hubli, Gadag Betgiri, Sukkur and Shikárpur.

‡ *Vide* Government Notification No. 2321, dated 4th August 1886, *post*.

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No. 2108.

FINANCIAL DEPARTMENT.

Bombay Castle, 19th July 1886.

Letter from Mr. J. A. Baines, C.S., on special duty in connection with the Income Tax Act, No. 3, dated 17th May 1886— * * * * * *

Letter from the Government of Bombay to the Government of India, No. 1481, dated 26th May 1886 :—

"In continuation of my letter No. 788, dated 19th March 1886, I am directed to submit for the consideration of the Government of India a letter from Mr. Baines the officer employed on special duty in connection with the Income Tax.

"2. Assuming that the object of the Act is to tax all incomes of Rs. 500 per annum or upward unless specially exempted, I am to observe that the difficulty described by Mr. Baines arises in dealing with an income which is Rs. 500 or more per annum, but which is received from sources defined in different parts of the schedule in portions each of which is less than Rs. 500. This Government has directed that a salary less than $\frac{500}{12}$ per mensem should be taxed under Part I. if the total income of the recipient from all sources is Rs. 500 or upward, and this entails no other difficulty than some troublesome enquiry. But Part IV. of the schedule is so worded that the 'other income' with which it deals cannot be taxed if it is less than Rs. 500 per annum, and thus the portion of an income of the kind above described which falls under Part IV. cannot be taxed though the aggregate income is taxable. This difficulty would not arise if there were no minimum limit of taxable income; and it occurs in the application of Section 5 (*j*) to the assessment under parts which were probably intended to be worked independently of each other, without reference to the aggregate amount of an income divided among them.

"3. It appears from the rules issued by the Government of Bengal that the same difficulty has been recognized in that Province. I am to say that His Excellency in Council apprehends that some amendment of the schedule may be found necessary if the matter is deemed of sufficient importance to justify it, and ventures to submit the following suggestions as calculated to effect what is required. A proviso similar to that in Part III. should be added to Part I. (*b*), viz.,

'Unless the recipient produces a certificate signed by the Collector that his annual income from all sources is less than Rs. 500.'

Thus all income from the sources named in Part I. will be taxed under that Part unless a certificate of total exemption under Section 5 (*j*) is produced. And Part IV. should be re-drafted somewhat in the following way, if it is desired that all 'other income' which forms part of an aggregate income of Rs. 500 or upwards of which the rest is taxed under Parts I., II. or III., should be taxed under Part IV. :—

| *Source of Income.* | *Rate of Tax.* |
|---|---|
| Any source of income not included in Part I., Part II. or Part III. of this schedule, when the income thence derived is not less than, or forms part of an income not less in the aggregate than, Rs. 500. | If the income taxed under this Part is less than Rs. 500—4 pies in the rupee.<br>[The rest as in the present schedule]. |

There will still remain the anomaly that a person assessed on Rs. 1,999 under Part I. and a like sum under Part IV. will pay a lower rate of tax than a person assessed under Part IV. only on Rs. 2,000.

"4. With regard to the other difficulty noticed by Mr. Baines, I am to say that His Excellency in Council holds the opinion, which is apparently shared by the Governments of Madras and the Punjab, that the words used in Section 18 (1) (*b*) and (*c*) empower the Collector to require any person who thinks fit to deliver a return of his income under those clauses, to set forth in that return the source and amount of his income under Parts I., II. and III. as well as under Part IV. This is a reasonable inference from the facts that the form of the return is prescribed by authority and that such person must make at foot of the return a declaration that the return is truly estimated on all the sources therein mentioned, and that he has no other source of income."

Letter from the Officiating Under Secretary to the Government of India, Department of Finance and Commerce, No. 1740, dated 3rd July 1886 :—

"I am directed to acknowledge the receipt of your letter No. 1481, dated the 26th May 1886, forwarding for consideration copy of a letter from Mr. Baines, the officer employed on special duty in connection with the tax leviable under Act II. of 1886, and pointing out the difficulty that arises in dealing with an income which is

Rs. 500 or more a year, but which is received from sources defined in different parts of Schedule II. of the Act, in portions each of which is less than Rs. 500.

"2. It is stated that the Government of Bombay has directed that a salary less than Rs. $\frac{500}{12}$ a month should be taxed under Part I. if the total income of the recipient from all sources is Rs. 500 or upward, and that this entails no other difficulty than some troublesome enquiry. To avoid this difficulty the Government of Bombay suggests that a proviso similar to that in Part III. should be added to Part I. (*b*) in order that all income from the sources named in Part I. may be taxed under that Part, unless a certificate of total exemption under Section 5 (*j*) is produced.

"3. It is also suggested that Part IV. of Schedule II. of the Act should be redrafted in order that all 'other income' which forms part of an aggregate income of Rs. 500 or upwards of which the rest is taxed under Parts I., II. or III. should be taxed under Part IV.

"4. The Government of Bombay also holds the opinion that the words used in Section 18 (1), (*b*) and (*c*) of the Act empower the Collector to require any person who thinks fit to deliver a return of his income under those clauses to set forth in that return the source and amount of his income under Parts I., II. and III. as well as under Part IV.

"5. In reply I am to state that the law as to Part I. has been correctly interpreted by the Government of Bombay. But as regards the suggestion that a proviso should be added to Part I (*b*), the Governor General in Council is of opinion that it would be inexpedient to make the proposed addition, and I am to refer you to paragraph 2 (*a*) of the letter from this Department No. 810, dated the 20th May 1886, in which it is ruled that the person paying the salary should not question the recipient as to his other income but should deduct the tax solely with reference to the month's salary, unless the Collector brings to his notice that the recipient has other income.

"6. The defect pointed out with reference to Part IV has been noted and will be taken into consideration when the Act is amended.

"7. The Government of India concurs in the opinion expressed by the Government of Bombay and stated in paragraph 4 of this letter as regards Section 18 (1) (*b*) and (*c*) of the Act."

RESOLUTION.—Copies of the letter from the Government of India should be forwarded to Mr. Baines with reference to paragraph 4 of Government Resolution No. 1847, dated 26th ultimo, and the other officers concerned for information and guidance. The letter from the Government of India, No. 810, dated 20th May 1886, was circulated with Government Resolution No. 1649, dated 10th ultimo.

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No. 2117.

FINANCIAL DEPARTMENT.

Bombay Castle, 20th July 1886.

Letter from Mr. J. A. Baines, C.S., on special duty for the purposes of the Income Tax Act, No. 30, dated 3rd July 1886 :—

"I have the honour to submit a revised draft of General Register I. and the classified Day Book Form 3, as called for in Resolution No. 1847, last paragraph.

"2. I would point out, in explanation, that the first will contain all that is now entered in Forms 1 and 3, being a double-page form, like the House-Tax Registers, kept by Municipalities. It will thus act as a Ledger. The size is the same as the former draft.

"3. Form 3 is modelled on Form S of the Joint Commissioners', revised for tax payable by instalments. The only point I need call attention to specially for fear of misconception, is that the entry of refunds and penalties is only made for the purposes of the annual compilations* for the Government of India, in which these items have to be shown by 'Parts' of the Act. Penalties are not, I presume, credited to the tax at all when inflicted under a section of the Penal Code applied to a special fiscal Act. Refunds, too, will appear as a matter of record, though not paid out of the Collector's balance.

* III. and IV.

"4. The forms have been translated in diglott, Maráthi and Kánarese and into Gujaráti alone. English versions are scarcely required, but can be combined with the Gujaráti. This combination is economical, I believe, in printing."

RESOLUTION.—The revised General Register Form No. 1 and the classified Day-book Form No. 3 prepared by Mr. Baines to be substituted for Forms Nos. 1, 3 and 4, approved by Government Resolution No. 1847, dated 26th ultimo, are approved and sanctioned. The forms may be printed and translated as suggested by Mr. Baines.

2. In a *N. B.* written on Form 3 Mr. Baines asks for instructions "as to the use of this form in compiling monthly or quarterly abstracts, as well as Government of India's Return IV., columns 10 to 20, and Return III., columns 14 to 22 and 11 and 12, checked by the totals of the General Register, acting as Ledger." The monthly or quarterly abstracts referred to will presumably be in revised Form No. 4, and Form 3 may be utilized in compiling the abstracts and the Government of India's Returns Nos. III. and IV.

3. Mr. Baines' presumption that penalties inflicted under a section of the Penal Code applied to the Income Tax Act are not to be credited to the tax is correct.

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No. 2132.

FINANCIAL DEPARTMENT.

Bombay Castle, 21st July 1886.

Memorandum from the Commissioner, C. D., No. R.—2932, dated 13th July 1886—*

RESOLUTION.—The Collector should be informed that the lists of assessments should be submitted as directed in Government Resolution No. 1903, dated 2nd instant, though they have already been published for the current year.

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REVENUE DEPARTMENT.

Bombay Castle, 21st July 1886.

No. 5197.—The following Notification by the Government of India is republished :—

"DEPARTMENT OF FINANCE AND COMMERCE.

*Separate Revenue.*

ASSESSED TAXES.

INCOME TAX.

*Simla, the 16th July 1886.*

No. 1983.—In exercise of the powers conferred by Section 35 of the Court Fees Act, 1870, the Governor-General in Council is pleased to direct that the fee payable under that Act on an application to a Collector or to any officer or person exercising all or any of the functions of a Collector, with respect either to liability to assessment, or to the amount of an assessment, under Act II of 1886, shall be limited to one anna.

(Signed) D. M. BARBOUR,
Secretary to the Government of India."

No. 2147.

FINANCIAL DEPARTMENT.

Bombay Castle, 23rd July 1886.

Letter from the Surgeon General with the Government of Bombay, No. 4088, dated 8th July 1886—Forwarding a letter No. 39, dated 25th June 1886, from Apothecary W. West, Chief Medical Officer, Lock Hospital, Bombay, who requests in the circumstances explained that he may be exempted from the payment of the Income Tax on the ground that the post held by him is the charge of a Warrant Medical Officer; and observing that as the Lock Hospital was established for the benefit of the Military and as the appointment is usually and should be held by a Warrant Medical Officer it appears that Mr. West has good grounds for claiming exemption from income tax.

RESOLUTION.—In the circumstances reported Mr. West should be exempted from the operation of the Act.

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No. 2166.

FINANCIAL DEPARTMENT.

Bombay Castle, 24th July 1886.

Resolution of the Government of India, Department of Finance and Commerce, No. 1722, dated 8th July 1886 :—

"Read—

Communication from the Public Works Department, No. 990-G., dated the 24th June 1886, forwarding a telegram from the Examiner of Accounts, Sind-Pishin and Bolan Railway, enquiring whether the bonuses recently sanctioned for employés of the Bolan Railway are liable to the tax under Act II. of 1886.

"RESOLUTION.—The Governor General in Council is of opinion that bonuses come under Section 7 of Act II. of 1886, and are therefore liable to the tax leviable under the said Act. * * * * *

RESOLUTION.—Copies of the Resolution of the Government of India should be forwarded to the officers concerned for information and guidance.

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No. 2175.

FINANCIAL DEPARTMENT.

Bombay Castle, 24th June 1886.

Memorandum from the Commissioner, C. D., No. R.—2915, dated 13th July 1886—Submitting the following letter No. 4402, dated 3rd idem, from the Collector of Násik :—

"With reference to Government Resolution No. 1846 of the 26th ultimo, paragraph 1, I have the honor to enquire whether the principle of taxing the salaries of members of an undivided Hindu family in lump formulated in Government Resolution No. 1237 of May 3rd is upheld or abandoned? Two points require elucidation, and these will be best understood by illustration.

(i) A and B members of an undivided Hindu family are Government servants in the receipt of Rs. 40 and 20 per mensem respectively. In assessing their salaries separately, will each salary be taxed at 4 pies per rupee or each be exempt? I am not taking into consideration other income, the proportionate share of which might bring both or either income up to the taxable standard.

(ii) A and B members of an undivided Hindu family are Government servants in the receipt of Rs. 300 and 100 per mensem respectively. A, whose salary exceeds Rs. 2,000 per annum, will be assessed at five pies in the rupee. B's salary is under Rs. 2,000 : should he be assessed at four or five pies per rupee? I am not considering other income, the proportionate share of which might bring B's income up to the five pies standard.

"* * * * * ."

the Commissioner observing as follows :—

"2. The Collector's doubt appears to be simply this :—whether salaries should be lumped together or treated separately in fixing the liability to and rate of assessment.

"3. Undersigned considers they should be treated separately in view of Government Resolution No. 1846, dated 26th June 1886 (Financial Department)."

RESOLUTION.—The opinion expressed in paragraph 3 of the Commissioner's memorandum is correct and should be followed.

## No. 2191.

FINANCIAL DEPARTMENT.

Bombay Castle, 26th July 1886.

Letter from the Remembrancer of Legal Affairs, No. 885, dated 15th July 1886:—

"With reference to Government Resolution No. 1847, dated 26th June 1886, paragraph 9, I have the honour to report that one member of an undivided Hindu family cannot, in my opinion, be legally held liable for the Income Tax due by the family. I have, however, ascertained from Mr. Baines that his intention was to suggest that the responsibility for the whole of the tax payable by a family should, by agreement of its members, be attached to any one member who can most conveniently discharge it. There would, I think, be no legal objection to this course, but it would have to be understood that, in the event of default, the family and not the individual would be liable for the arrears.

"2. But Mr. Baines remarks that the course prescribed in Government Resolution No. 1846 of 26th June 1886 'seems to meet the case, as the assessing authority can communicate with the officers disbursing the different salaries or pensions and thus have the burden distributed though the assessment be based on the unity of the income under Part I.'"

RESOLUTION.—A copy of the opinion of the Remembrancer of Legal Affairs should be forwarded to Mr. Baines for information and guidance with reference to Government Resolutions No. 1847, dated 26th ultimo and No. 1950, dated 8th July 1886.

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## No. 2194.

FINANCIAL DEPARTMENT.

Bombay Castle, 26th July 1886.

Memorandum from the Commissioner, C. D., No. R.—2945, dated 13th July 1886—Submitting the following letter No. 4339, dated 2nd idem, from the Collector of Násik:—

"With reference to Government Resolution No. 1312, dated 11th May last, I beg to be informed whether in the case of a person whose annual estimated income amounts to Rs. 500 per annum exclusive of annual rents on account of his building which amounts to Rs. 24 per annum under Section 24 (1) of Act II. of 1886 the tax is to be levied on Rs. 500 plus $24 \times \frac{5}{6} = 520$ or $500 + 52$ the $\frac{1}{10}$th of 520 the aggregate income. I apprehend that the tax is leviable on Rs. $500 + 20$, $\frac{5}{6}$th of the annual rents, because $\frac{1}{10}$th of the aggregate income of the owner of the house derived from all sources would come to Rs. 52 and thus exceed the estimated amount of assessable annual rents, viz. Rs. 20 (*vide* Rule 6 of rules published under Government of India's Notification, Financial Department, No. 354 of 10th February 1886).

"2. I request instructions on this point as the illustration in the Government Resolution No. 1312 of the 11th May 1886 does not seem to apply here."

the Commissioner observing as follows:—

"2. The view taken by the Collector seems correct. Rule 6 of the rules referred to simply lays down the maximum amount to be assessed under Section 24, Sub-Section I. If the $\frac{5}{6}$ths of the actual letting value of the building be less than $\frac{1}{10}$th of the income from all sources, such $\frac{5}{6}$ths alone are to be taken into consideration in calculating the assessment under Section 24, Sub-Section I."

RESOLUTION.—The view expressed in paragraph 2 of the Commissioner's memorandum in correct and may be followed.

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## No. 2197.

FINANCIAL DEPARTMENT.

Bombay Castle, 26th July 1886.

Letter from Mr. J. A. Baines, C.S., on special duty for the purposes of the Income Tax Act, No. 29, dated 29th June 1886:—

"The following questions have been referred to me regarding the working of the Income Tax Act and the rules subsidiary to it.

"2. About certificates of exemption under Part III. of Schedule II., and clause (*e*), paragraph 1 of Section 5 of the Act, (Rules 9 and 10 of the Government of India's Circular No. 593 of the 5th February last) :—

(*a*) Should these applications be verified by the assessee? I am of opinion that the Act does not require them, or even allow them, to be verified. They differ from petitions of objections under Section 25, nor do they come under the head of declarations under Section 18—2.

* * * * *

"3. In calculating the nett income, should the License fee paid under the late Act be deducted? In my opinion it should, as it is an expense necessarily incurred under the law in effecting the earnings taxed. This seems to be in the spirit of Resolution No. 1796 of the 24th instant, but the Notification of draft rules No. 1005 of the 7th April last, makes no distinction in paragraph 1 between this fee and payments of other taxes or cesses and rates.

"I have the honour to submit my opinions as above for the decision of Government."

RESOLUTION.—Mr. Baines' view regarding the verification of the applications referred to in paragraph 2 of his letter is correct.

* * * * *

3. As regards the question raised in paragraph 3 of Mr. Baines' letter it is presumed that Mr. Baines refers to Section 15 (1) of the Act and means that income is taxed under Part IV. on the receipts of the *past* year and that on those receipts License Tax was paid. He proposes to deduct the License Tax to obtain the taxable income of *this* year. License Tax will not be paid *this* year, nor should the Assessor *next* year deduct the Income Tax paid *this* year. Moreover taxation is not a charge incurred in effecting earnings. There will be no double taxation, as each year's income will pay only once. License Tax is a tax under Rule No. I. of the Rules published in Government Notification No. 1791, dated 23rd ultimo, and should not be deducted in calculating the net income chargeable with tax under Part IV., Schedule 2 of the Act.

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No. 2216.

FINANCIAL DEPARTMENT.

Bombay Castle, 28th July 1886.

Memorandum from the Commissioner in Sind, No. 2450, dated 15th July 1886—Submitting a letter No. 2441, dated 30th June 1886, from the Collector of Karáchi, who requests that Khán Sáheb Frámroze Edalji Panthaki, on special duty in connection with the Income Tax work in the City of Karáchi, may be invested with all the powers of a Collector under the Income Tax Act, except those under Section 31 of the Act: the Commissioner supporting the Collector's request.

RESOLUTION.—The Commissioner may be informed that Government have regulated the allotment of powers under the Income Tax Act on the principle that officers of the rank of Mámlatdár or Mukhtyárkar should not be empowered to hear petitions against their own assessments under Sections 25 and 26. There is nothing to prevent Khán Sáheb Frámroze receiving money and granting receipts.

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*Accompaniment to Government Resolution No. 2235, dated 29th July 1886.*

In confirmation of the separate orders issued up to date, His Excellency the Governor in Council is pleased, under Section 40 of Act II. of 1886, to direct that the powers and duties hereinbelow specified, which are conferred and imposed by the above Act on a Collector and a Commissioner of Division,

respectively, may be exercised and performed in the Presidency of Bombay as follows (namely) :—

| Powers and Duties of a | Under | By | In |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| Collector (1) ... | Sections 8 (3), 9 (2), 10, 14, 15 (2), 32 and 16 and 17, except the entertaining applications for the revision of assessment. | Mámlatdárs and Mahálkaris in the Presidency Proper, and by Mukhtyárkars and the Kotvál of Kohistan in Sind. | Their ordinary revenue charges, and within the limits of areas or places for which they have been specially appointed Collectors for the purposes of this Act. |
| Do. (2) .. | As above ... ... ... | Ráo Sáheb Anuprám Bálmukandás. | The Cities of Surat and Broach. |
| Do. (3) ... | As above ... ... ... | Mr. Narsingráo Krishnaráo Vinchurkar. | The villages belonging to the Vinchurkar Estate in the Násik Collectorate. |
| Do. (4) ... | All Sections of the Act conferring powers or imposing duties on a Collector, except Section 31. | Huzúr Deputy Collectors, including those in Sind (except those of Ahmedabad, Surat, Broach, Belgaum and Dhárwár), the City Magistrate, Poona, and the Town Magistrate, Shikárpur. | The cities in which their offices are situated (including the adjacent Cantonments, and in Poona the Suburban Municipality). |
| Do. (5) ... | As above, with the further exception of the powers conferred on officers of the rank of Mámlatdár, &c., under the Sections mentioned in paragraph (1) above. | The Huzúr Deputy Collectors of Surat, Broach, Belgaum and Dhárwár, and the City Magistrate, Ahmedabad. | The cities in which their offices are situated (including the adjacent Cantonments). |
| Do. (6) .. | Sections 11, 12, 25, 26, 28, 30, 33 and 36. | Assistant and Deputy Collectors in charge of sub-divisions of districts, including those in Sind. | Their ordinary revenue charges, excluding places or areas for which a Deputy Collector of a Town or City Magistrate has been invested with the powers here specified. |
| Do. (7) ... | Section 31 ... ... .. | Collectors of Districts, including the Collectors and Deputy Commissioners in Sind. | Their respective districts. |
| Commissioner of Division (8). | Sections 27, 28, 34 (2) ... | | |
| Local Government (9). | Section 47 (2) (4) ... ... | | |

No. 2250.

FINANCIAL DEPARTMENT.

Bombay Castle, 30th July 1886.

Letter from Mr. J. A. Baines, C.S., on special duty for the purposes of the Income Tax Act, No. 46, dated 23rd July 1886— * * * * *

RESOLUTION.—The list of assessments for the Bijápur District should be fully completed before publication, inasmuch as the Act does not provide for revision of the list after publication.

No. 2309.

FINANCIAL DEPARTMENT.

Bombay Castle, 4th August 1886.

Letter from Mr. J. A. Baines, C. S., on special duty for the purposes of the Income Tax Act, No. 45, dated 23rd July 1886 :—

* * * * *

" 2. (*a*) A Covenanted Medical Officer draws monthly the following :—

1. Salary from Government over Rs. 166-10-8.
2. Allowance for Medical attendance from a Railway Company of Rs. 100.
3. Similar allowance from a Cantonment Fund (and in one instance, from a Municipality).

He is thus an employé of three different bodies, Government, a Local Authority, and a private Company. On the other hand, as far as he is concerned, his emoluments from the two latter sources are income from his profession. He can thus be assessed either under his principal source of income, that is, his official salary, but the tax on the two other allowances deducted* at time of payment and credited to their respective heads, with a note that the assessee is registered as a Government servant elsewhere, in order to avoid his appearance thrice amongst the tax-payers, or, he may be taxed under Part IV. in consideration of the allowances being professional earnings, and the amount deducted (similar provision against double entries being made to those above mentioned), and the sum taken in one instalment leaving the question of adjustment in case of transfer before the end of the year of assessment to private arrangement. As I notice that the officials of the department in question are subject to frequent moves, I think the former plan would be the preferable one. I understand from the reference that the allowances are all drawn on separate bills at different times and places.

* At Re. $\frac{5}{192}$

(*b*). A private school maintains itself out of fees and a grant-in-aid. Its expenses consist of rent, repair of furniture and the supply of stationery and other materials. In estimating the net profit, I think that all these items might be deducted. (Resolution 1796).

(*c*). A minor, brother of a Chief, resides in British territory for the purposes of education, his expenses being paid by cheques on the Bank of Bombay, drawn as required to meet them, by the Political officer in charge of the State. (2.) He is taught by a tutor, on a salary of taxable amount. (3.) His studies, &c., are supervised by a Government official, who receives therefor an allowance in excess of the taxable minimum. I think both the latter allowances are taxable since the remuneration is drawn periodically in British India. As to the first, I am of opinion that it should not be considered income, as it seems to be payment of expenses already incurred, apart from the possibility of the deposit at the Bank having been taxed independently."

RESOLUTION.—The salary and allowances of the medical officer will apparently be taxable under Part I. of Schedule 2 of the Act, and the former of the two courses suggested by Mr. Baines regarding the adjustment of the tax on allowances may be followed.

2. The expenses of the school specified in paragraph 2 (*b*) of Mr. Baines' letter may be deducted in determining the net assessable income of the school.

3. Any moneys received and spent in British India by or on behalf of the minor are income taxable under Part IV.

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No. 2321.

FINANCIAL DEPARTMENT.

Bombay Castle, 4th August 1886.

Letter from the Remembrancer of Legal Affairs, No. 919, dated 23rd July 1886 :—

* * * * * *

RESOLUTION.— * * * * *

2. His Excellency the Governor in Council does not see any necessity for extending the period of one week, within which the return prescribed under Clauses (*b*) and (*c*) of Section 18 (1) of the Act is required to be rendered. None of the officers working the Act have represented that the period allowed is not sufficient.

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FINANCIAL DEPARTMENT.

*Bombay Castle, 4th August 1886.*

No. 2321.—In exercise of the power conferred by Sub-section (1) of Section 18 of Act II. of 1886, the Governor in Council is pleased to make the following rules, viz. :—

1. Every Collector of Income-tax may serve a notice under Section 17 of the said Act on any person liable to be included in a list under section 16 thereof, instead of including

him in such list, if such person's liability to the tax has not become known to the Collector in sufficient time to include him in the list published under Section 16 in any year.

2. The Collector of Income-tax for Aden and Perim may, in any case in which it appears to him to be desirable so to do :

(*a*) include in a list under Section 16 of the said Act any merchant or trader who is liable to be served with a notice under Section 17 thereof, instead of or in addition to serving him with such a notice ; and

(*b*) serve a notice under Section 17 of the said Act on any merchant or trader liable to be included in a list under Section 16 thereof, instead of or in addition to including him in such a list.

3. Any Collector of Income-tax other than the Collectors of Income-tax for the city of Bombay and for Aden and Perim may serve a notice under Section 17 of the said Act on any person liable to be included in a list under Section 16 thereof, instead of including him in such list, if, in the opinion of the Collector, the procedure under Section 17 is more suitable to the condition of such person than the procedure under Section 16.

4. The Collector of Income-tax for any of the towns and cantonments* marginally noted may cause a general notice to be published, inviting every person chargeable under Part IV. of the second schedule to the said Act to deliver or cause to be delivered to the Collector, within one week from the publication of the notice, a return in Form No. 9, hereto appended, which shall be published with the notice of his income during the year ending on the day on which his accounts have been last made up.

*Town and Cantonment of Belgaum.
" " Karáchi.
" " Hyderabad.
" " Jacobabad.
Towns of Dhárwár, Hubli, Gadag Betgiri, Sukkur and Shikárpur.

Or, if his accounts have not been made up within the year ending on the thirty-first day of March in the year immediately preceding that for which the assessment is to be made, then of his income during the year ending on the said thirty-first day of March.

5. The Collector of Income-tax for the city of Bombay may cause a special notice to be served on any person residing in the said city whom he believes to be chargeable with tax under Part IV. of the second schedule to the said Act, inviting such person to deliver or to cause to be delivered to the Collector, within one week from the service of the notice, a return, in the Form K hereto appended, a copy of which shall accompany the notice, of his income during the year ending on the day on which his accounts have been last made up.

Or, if his accounts have not been made up within the year ending on the thirty-first day of March in the year immediately preceding that for which the assessment of the said tax is to be made, then of his income during the year ending on the said thirty-first day of March.

FORM No. 9. (*See Rule 4.*)

RETURN UNDER SECTION 18, SUB-SECTION (1), CLAUSE (*b*) OF ACT II OF 1886.

District / Táluka / City

To be returned duly filled up on or before the day of 188 .

*RECEIVED.*
Date
Recorded No.
(Signed)
Registering Clerk.

Return of income under Part IV., Schedule II. of Act II. of 1886, accruing and arising in British India during the year ending on the day of 188 . The return of income under Parts I, II and III, prescribed in the Column of Remarks is required for information only.

| Name. | Residence or place or places of business. | Sources of income under Part IV. specifying each separately. | Amount of income from each source, specifying the period during which the income from each has been derived. | Names of Sharers, if any, in the income returned, with the specification of share of each. | REMARKS. |
|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 |
| | | 1. Profession or Trade. | Rs. | | 1. State if agent, trustee, or executor, &c., for any one, and if so for whom (*vide* para. 7 of Instructions below). |
| | | 2. Interest on money (other than that invested in Government Securities, or Securities of local bodies and Companies.) | Rs. | | 2. Here enter in detail the number and description of shares in Joint Stock Companies. |
| | | 3. Landed estate (other than Agricultural). | Rs. | | 3. State here the interest received during last year from Government Securities or Municipal, Port Trust, or any other Debentures. |
| | | (give number and streets of houses). | | | 4. Here specify income under Part I. (If employed, state where employed). |
| | | *Note.*—If the returning party lives in his own house he should enter the valuation thereof according to the municipal register | | | 5. Specify here any payments made to Insurance Companies, as instructed below. |
| | | | | | 6. Any other remarks. |

DECLARATION.—I, , do declare that the Income stated in this return is truly estimated on all the sources therein mentioned, that it has actually accrued within the period stated, and that I have no other source of income arising or accruing in British India assessable [under Part IV. of the Income Tax Act.]

(Signed)

Address *Date* 188 .

INSTRUCTIONS FOR FILLING UP THE RETURN.

1. In the case of a firm, the ordinary designation of the firm should be entered in Column 1.

2. If the person or firm has several places of residence or business they should all be entered in Column 2, the principal residence, &c., being specified.

3. In Column 3 every separate source of income under Part IV. arising and accruing in British India should be entered in detail.

4. Against the gross receipts no deduction should be made on account of disbursements or expenses not wholly and exclusively incurred in respect of the profits returned; nor should deduction be made on account of the maintenance of the person himself or his family or domestic establishment, nor on account of any public or local rates, cesses or taxes.

5. Sums paid to an Insurance Company in respect of an insurance or deferred annuity on the life of the person assessed or on that of his wife should not be deducted from the amount of income to be shown in Column 4, but should be specified in Column 6 (Remarks). On presentation by the assessee of the receipt of the Insurance Company for the payment and a copy thereof, a deduction, not exceeding one-sixth of the income of the assessee will be allowed.

6. In the case of rent or income from houses and lands not used for agricultural purposes, no deduction on account of taxes, or local or municipal rates and cesses should be made.

7. If the person filling in the return is chargeable (1) as a trustee, guardian, curator or committee of any infant, married woman subject to the law of England, lunatic or idiot; (2) as an agent of a non-resident; (3) as receiver or manager appointed by any Court in India, a Court of Wards, an Administrator General, or an Official Trustee in respect of income officially in his possession or under his control, the fact would be stated in the column of Remarks.

FORM K. (*See Rule 5*).

*For the year ending 31st March 188* .

NOTICE UNDER SECTION 18, CLAUSE (C) OF THE INCOME TAX ACT, 1886.

Number *Date*

To

You are requested duly to fill in, in accordance with the annexed instructions, sign and deliver at my office, the following Form of Return of Income chargeable under Part IV. within seven days from the service of this notice. The return of income under Parts I., II. and III. prescribed in the column of Remarks is required for information only.

Income Tax Collector, Bombay.

*Return of Income accruing and arising in British India.*

| 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|
| Name. | Residence or place of business. | Sources of income under Part IV. specifying each separately. | Income derived from each of these sources during the past year mentioning the period during which the income from each source has been derived. | Names of sharers, if any, in the income mentioned in column 4, with specification of their Shares. | Remarks. |
| | | 1. From Profession or Trade. | Rs. | | 1. Here state whether you are Agent, Trustee or Executor, &c., for any one and if so, for whom (*vide* para. 7 of Instructions below). |
| | | 2. From Interest on money (other than invested in Government Securities, Port Trust or Municipal Debentures, or in Joint Stock Companies). | Rs. | | 2. Here enter in detail the number and description of shares in joint stock companies. |
| | | 3. Landed Estate. *(State below the number of each house and the street in which it is situated).* | Rs. | | 3. If you possess Government Securities or Municipal, Port Trust or any other Debentures, state here the interest received by you during the last year. |
| | | | | | 4. Here specify income under Part I. (If employed, state where employed). |
| | | *N.B.*—If you are living in your own house, it must also be entered here with its annual valuation as shown in the Municipal Books. | | | 5. Specify payments made to Insurance Companies (*vide* para. 5 of Instructions below). |
| | | | | | 6. Any other remarks. |

I, , do declare that the income stated in this return is truly estimated on all the sources therein mentioned, that it has actually accrued within the period therein stated, and that I have no other source of income.

(Signature of the Party making the Return.)

## INSTRUCTIONS FOR THE GUIDANCE OF THE PARTY MAKING THE RETURN.

1. In the case of a firm, the ordinary designation of the firm should be entered in column 1.

2. If the person or firm making the return has several places of residence or business, they should be all mentioned in column 2, the principal place of residence or business being specified.

3. In columns 3 and 4 every separate source of income under Part IV accruing and arising in British India should be entered in detail as therein required.

4. Against the gross receipts no deduction should be made on account of disbursements or expenses not wholly and exclusively incurred in respect of the profits returned; nor should deduction be made on account of the maintenance of the person himself or his family, or domestic establishment, nor on account of any public or local rates, cesses, or taxes.

5. Sums paid to an Insurance Company in respect of an insurance or deferred annuity on the life of the person assessed or on that of his wife should not be deducted from the amount of income to be shown in column 4, but should be specified in column (6) of Remarks. On presentation by the assessee of the receipt of the insurance company for the payment and a copy thereof, a deduction not exceeding one-sixth of the income of the assessee will be allowed by this Department.

6. In the case of rent or income from houses, and lands not used for agricultural purposes, no deduction on account of taxes, or local rates or cesses should be made.

7. If the person filling in the return is chargeable (1) as a trustee, guardian, curator, or committee of any infant, married woman subject to the law of England, lunatic or idiot; (2) as an agent of a non-resident; (3) as receiver or manager appointed by any Court in India, a Court of Wards, an Administrator General or an Official Trustee in respect of income officially in his possession or under his control, the fact should be stated in the column of remarks.

*N.B.*—Section 35. If a person makes a statement in a declaration mentioned in Section 18, sub-section (2) which is false, and which he either knows or believes to be false, or does not believe to be true, shall be deemed to have committed the offence described in Section one hundred and seventy-seven of the Indian Penal Code.

*By order of His Excellency the Right Honourable the Governor in Council,*

T. D. MACKENZIE,

Acting Secretary to Government.

No. 2352,

FINANCIAL DEPARTMENT.

Bombay Castle, 6th August 1886.

Memorandum from the Commissioner, N. D., No. 2267, dated 23rd July 1886—Submitting copy of one, No. 2469, dated 15th idem, from the Collector of Surat, who forwards the following letter from the Joint Collector of Income Tax for the Cities of Surat and Broach :—

"I have the honour to request the favour of instructions on the following points :—

*A* is a member of a Pársi or Mahomedan family. He has two sons named *B* and *C*. They all live together in one house. *A* is a clerk in a Government office and draws Rs. 40 a month. His sons *B* and *C* are also in Government service and draw Rs. 150 and Rs. 200 a month respectively. The question is whether the income of *A* and *B* should be taxed at the rate of 5 pies in the rupee on account of their own and *C's* income, or whether *A's* income should be exempt and *B's* income taxed at 4 pies in the rupee.

2. There is another family of two brothers named *D* and *E* who also live together. *D* is a cloth merchant and earns about Rs. 400 a year, and *E* is a fruit seller and earns Rs. 300 a year. The question is whether the aggregate income of *D* and *E* amounting to Rs. 700 should be taxed under Part IV. of Schedule II. to the Act, or whether it should be exempted as an income of each individual is below Rs. 500 a year.

* * * * * * * *

Memorandum from Mr. J. A. Baines, C.S., on special duty for the purposes of the Income Tax Act, No. 48, dated 26th July 1886 :—

"The undersigned is of opinion that in the first case the salaries must be treated separately, and *C* taxed at 5 pies, *B* at 4 pies and *A* be exempted, as they are not Hindus, and the joint property system of any other law is not within the wording of the Act. There is also Resolution No. 1846 as a guide.

"2. It is presumed that the second case is also that of a non-Hindu family; if so, and if the brothers do not constitute a 'firm,' as their distinct occupations show they do not, they are not jointly assessable."

RESOLUTION.—Mr. Baines' views are correct and may be followed.

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No. 2379.

FINANCIAL DEPARTMENT.

Bombay Castle, 9th August 1886.

Letter from the Commissioner, C. D., No. R.—3265, dated 26th July 1886 :—

* * * * * * * *

"2. The Collector of Poona now reports that the Income Tax Collector for the City of Poona brings to notice the service of the shettiás who render assistance to the kulkarnis of the Poona City both in the preparation of the assessment list and the collection of the tax, and recommends that they be remunerated now as they were in 1878 for their services in collecting the License Tax* to the extent of one-fourth of the scale payable to kulkarnis.

* *Vide* Government Resolution No. 2451 of 11th July 1878, Financial Department.

3. I approve of the Collector's recommendation and request that it be sanctioned by Government."

RESOLUTION.—The recommendation of the Commissioner, C. D., is sanctioned.

No. 2383.

FINANCIAL DEPARTMENT.

Bombay Castle, 9th August 1886.

Memorandum from the Commissioner, N. D., No. 2236, dated 21st July 1886—Forwarding one (with accompaniments) No. 1883, dated 19th idem, from the Collector of Ahmedabad, who requests sanction under Section 47 of the Income Tax Act to the recovery of the tax from the persons named in the statement which he forwards, who have several places of business outside the Bombay Presidency, with their place of business in Ahmedabad.

RESOLUTION.—When the License Act was in force merchants having their principal place of business in Bombay and subsidiary branches outside the Presidency were granted certificates showing that the persons holding them had paid at the head office a tax for all their places of business and that they were not liable to any further taxation. Similar certificates granted to the tax-payers in the other Provinces were accepted in this Presidency. This practice of granting and acting upon certificates of the nature above-mentioned may be followed in regard to tax-payers under Act II. of 1886 having their places of business in territories subject to different local Governments, it being left to the Income Tax Collector to obtain the orders of Government when any doubt arises as to the principal place of business of any person assessed to the tax, in which case the necessary arrangement will be made with the Local Government concerned. Mr. Baines has prepared the form of the certificate required to meet such cases, and its adoption was among other forms sanctioned by Government Resolution No. 1847, dated 26th June 1886.

2. In the case now referred to Government for orders it is stated that the principal place of business of the persons whom it is proposed to assess is in Ahmedabad. The Income Tax Collector, Ahmedabad, may be instructed to deal with their cases in accordance with the orders contained in the preceding paragraph.

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No. 2398.

FINANCIAL DEPARTMENT.

Bombay Castle, 10th August 1886.

Memorandum from the Commissioner, S. D., No. 2037, dated 23rd July 1886—Submitting the following letter No. 2243, dated 15th idem, from the Collector of Dhárwár :—

"I have the honour to enquire whether an income derived by the holder of an alienated village from the sale of trees growing in the forest in that village is liable to taxation under the Income Tax Act. The forest lands are assessed to land revenue, and quit-rent is paid on them. The Act exempts incomes derived from agriculture, and the question is whether the growing of a forest instead of crops is agriculture or not.

"2. Two members of an undivided family which has no other income receive each a salary of Rs. 25 : are their joint salaries liable to the tax ? The ruling in paragraph 1 of Government Resolution No. 1846, dated 26th ultimo, is not exactly in point."

the Commissioner observing as follows :—

"Undersigned is of opinion that in the case put by the Collector in paragraph 1 of his letter income tax is not leviable.

"3. In the case put in paragraph 2 the Treasury officers can make deductions only on the requisition of the Collector. It is not open to him to institute any inquiries."

RESOLUTION.—Forest lands, on which quit-rent is paid, may be regarded as land used for agricultural purposes and the income derived therefrom exempted from the payment of the tax.

2. In the case put in paragraph 2 of the Collector's letter the salary of each member of the undivided family should be treated separately for assessment purposes by the disbursing officer.

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No. 2446.

FINANCIAL DEPARTMENT.

Bombay Castle, 16th August 1886.

Government memorandum to the Accountant General, No. 26—P., dated 3rd August 1886.

Letter from the Accountant General, No. G.A.—11682, dated 9th August 1886—Inviting attention with reference to Government memorandum No. 26-P., dated 3rd August 1886, enquiring whether "Family Maintenance Allowance" is liable to Income Tax, to Government Resolution No. 1909, dated 11th May 1886, embodying the decision of the Government of India upon the taxability of the various "Hill Allowances"; stating that the "Family Maintenance Allowance" mentioned is one of those allowances which are taxed; and adding that the requisite retrenchments have been made from April 1st last by his office.

RESOLUTION.—The officers concerned to be informed.

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No. 2463.

FINANCIAL DEPARTMENT.

Bombay Castle, 18th August 1886.

Letter from the Accountant General, No. T. A. I.—8246, dated 8th July 1886:—

"With reference to Government Resolution, No. 1903, dated 2nd July 1886, I have the honour to suggest that Treasury officers be exempted from the trouble of forming estimates of Income Tax levied on the salaries of Government servants or on the interest on Government securities, as suggested by Mr. Baines.

"2. Treasury officers, under Chapter 12, Rule 12, Note 2, of the Civil Account Code, merely debit the net amount of a Voucher and have nothing to do with crediting the deductions on account of Income Tax, &c.

"3. I have already informed the Commissioners of the realizations in April and will continue to do so from month to month, and this is, apparently, all that is necessary."

Letter from the Accountant General, No. T. A.-III.—8730, dated 12th July 1886:—

"With reference to Government Resolution, No. 1927, dated 5th July 1886, I have the honour to invite attention to my No. T.A.I.—8246, dated 8th idem, and to remark that, for the reasons stated in that letter, the District officers have no information in their offices as to the Income Tax recovered under Parts I. and III. as the vouchers from which the revenue is deducted are charged *net* in the Treasury Books.

"2. It would, I think, add very materially to Treasury work to require Collectors to keep a note of such deductions, and it is almost certain that returns based on such notes would prove inaccurate when compared with the books of this office, as the Treasuries are not, and cannot be, advised of the adjustments made in this office in audit.

"3. It would appear, from the Income Tax rules, that returns I. and II. are to be submitted to the Government of India by the several local Governments 'as received from the Accountant General,' and it would, therefore, seem to follow that any figures needed by the local Governments for the remaining returns should be taken from Returns I. and II.

"4. Independent returns from Collectors of Revenue under Parts I. and III. are not, apparently, required, as the Collectors have no responsibility in the matter and have no means of obtaining accurate figures. Moreover, my returns I. and II. will include, besides the revenue of the several districts realizations in the Customs, Forest and Political Departments which do not pertain to any Revenue District.

"5. With regard to the orders issued to the Examiner of Public Works Accounts, I would beg to invite attention to Government Resolution No. 1733, dated 17th June 1886, in which orders of the Government of India are re-printed, which rule that the Income Tax realizations in the Military, Public Works, Postal and Telegraph Departments shall be excluded from the Provincial Returns; the Examiner of Public Works Accounts should, apparently, render his Return No. 1 to his departmental Accountant General, and not to the Government in the Financial Department.

"6. If Government so desire, district and departmental (Customs, Mint, Forest), details can be furnished to Government by this office of revenue collected under Parts I. and III."

Memorandum from Mr. J. A. Baines, C.S., on special duty for the purposes of the Income Tax Act, No. 37, dated 14th July 1886:—

"The undersigned has found from inquiry at the Treasury offices he has visited that no record of deductions on account of Income Tax is kept, except at the Accountant General's audit office. When he was in Bombay he was shown the form kept of these deductions, and is of opinion that it will suffice to give the information required, namely, a forest of the probable receipts on account of the Tax *from each district*. It is not necessary that the assessees should be classified until the annual return has to be prepared when the form can be used as the basis for distributing the annual salaries amongst the different classes of Return III. of the Government of India's series. I think, however, that I should be in a position to submit to Government an estimate of the receipts from Government servants along with those under Parts II. and IV. and those from the employés of local authorities, &c., and a quarterly total up to date (receipts of March, April, and May) for each district would enable me to do this."

Memorandum from Mr. J. A. Baines, C.S., on special duty for the purposes of the Income Tax Act, No. 38, dated 16th July 1886:—

"The undersigned reported on the general question involved in his No. 37, dated 14th instant.

"2. The details of the taxation of the officials serving in each district might be furnished in the prescribed classes for each district in order to complete Return III. of the Government of India's series. A note must then be added (unless the Accountant General can separate the items by districts) pointing out that the return excludes departments audited only in the Presidency office, and which are returned as part of the taxation of the Presidency as a whole and therefore added in a separate column. It would affect the incidence calculated for Bombay City, if all such items were added to the local return.

"3. As regards the Department of Public Works, &c., the orders of the Government of India seem clear.

"4. Taxation of securities held locally falls upon the district and so I should recommend that Part III. be kept, as Part I. is now being kept by the Accountant General, in *district* accounts."

Memorandum from the Accountant General, No. T.A.III.—10096, dated 24th July 1886:—

"The Accountant General has the honour to say that he would draw a broad line between revenue for which the Revenue Department is responsible and that for which the Audit Departments are responsible. In the District Revenue returns it would, the Accountant General is of opinion, be much better to exclude all revenue realized from Government salaries, annuities and pensions under Part I. and from Government securities under Part III. and confine them to revenue which the Collector has to levy and collect in his revenue capacity.

"2. The remarks made by the Government of India in paragraph 2 (*a*) of their letter embodied in Government Resolution No. 1733, dated 17th June 1886, regarding the inexpediency of dividing the Military Public Works and other departmental receipts between provinces appear to apply with equal force to the division of Civil Department receipts by districts. To do so 'would give considerable trouble without sufficient advantage.'

"3. Income tax is received by deduction from salaries paid at such places as Cutch, Káthiáwár and Baroda; these belong to no British District nor to the Presidency Town. Again, Forest Department recoveries are not divided by Revenue Districts, but by Forest Divisions or Circles, and it would take a good deal of trouble without any real advantage to attempt to include such revenue in the returns of the several Collectors, which would, even then, be incomplete, seeing that Postal, Telegraph, Military and Public Works Officers' tax would be excluded.

"4. If one general return for all India is sufficient for the Public Works and other Departments, one general return would seem all that is needed for the Civil portion of each Presidency."

RESOLUTION.—The particulars regarding the tax recovered under Parts I. and III. of Schedule II. of the Act have to be furnished to the Government of India in general statements for the whole Presidency, and there need therefore be no difficulty in carrying out the Accountant General's suggestion that these particulars should be excluded from the district returns submitted by Collectors. The adoption of it would moreover save much labour in Treasury offices, and it is accordingly approved and sanctioned.

2. The Accountant General however does not appear to be correct in stating that the instructions issued in Government Resolution No. 1927, dated 5th July 1886, are opposed to those contained in the letter of the Government of India referred to. The Government of India disapprove of the preparation by the *Accountant General, Public Works Department,* of separate returns for each Province, but do not prohibit the preparation of provincial returns by the Provincial Examiners of Public Works Accounts for the use of Local Governments. In view however of the adoption of the Accountant General's suggestion referred to above, the Examiner of Public Works Accounts need not furnish separate particulars to the Collector of Income Tax, Bombay, but he may send a consolidated statement for the whole Presidency to Government in the Financial Department. It would only be a copy of the statement he is required to furnish to the Accountant General with the Government of India in the Public Works Department, and would be useful to this Government in completing the provincial returns.

Modified by Government Resolution No. 2840, dated 17th September 1886.

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No. 2466.

FINANCIAL DEPARTMENT.

Bombay Castle, 18th August 1886.

Letter from the Collector of Thána, No. 3177, dated 8th July 1886:—

"I have received an application from a Government servant in the Salt Department objecting to his assessment to pay income tax to which he was assessed as a member of a joint family of four brothers in Government service on the ground that though not formally separated from them, still each spends his own salary separately and no brother in practice has any benefit from the salary of the others.

"This is of the nature of an appeal from the Mámlatdár's assessment, but I am unable to see under what section of the Income Tax Act I can dispose of it. Chapter IV., Sections 25 to 28 relate to revision of assessment but the only cases provided for seem (under Section 25) assessments under part IV. other sources of income, and (Section 27) profits of companies. * * * * * *

Memorandum from the Commissioner, N. D., No. 2174, dated 14th July 1886.

Memorandum from Mr. J. A. Baines, C. S., on special duty for the purposes of the Income Tax Act, No. 41, dated 19th July 1886:—

"The undersigned has the honour to return the reference with his compliments, and to observe that if the salary of the person objecting to the assessment be not in itself taxable, irrespective, that is, of the aggregate income of the whole family arising from salaries, the case can be dealt with under Resolution No. 1846 of 26th June last.

"2. The same principle applies to a case where the joint property comes under Part IV. of the Act. The question of the joint liability of salaries in an undivided family for expenses jointly incurred is a very complicated one. As a rule, the salaries are not treated as part of the joint property, but, on the other hand, each member is called upon occasionally to contribute from them towards some family expenses. If there be any specific deed of liability drawn up, the question does not, of course, arise.

"3. The procedure referred to in Resolution No. 1649 of 10th June, as it is now in force, would operate hardly against a case like this, as the refund can only be claimed at the end of the year, but the certificate might, under Government sanction, be made applicable to cases of error *ab initio* in the assessment."

Memorandum from the Commissioner, N. D., No. 2378, dated 31st July 1886—Submitting a letter No. 3540, dated 27th idem, from the Collector of Thána, who requests the orders of Government on the question raised in paragraph 2 of his letter No. 3177, dated 8th July 1886; and recommending (paragraph 2) that Mr. Baines' suggestion in paragraph 3 of his memorandum above quoted may be sanctioned and that the Collectors should be directed to submit to the Commissioner a quarterly return of refunds granted in cases of errors of this nature.

RESOLUTION.—Cases of the nature reported by the Collector will not recur in view of the orders contained in Government Resolution No. 1846, dated 26th June 1886.

2. The recommendation made in paragraph 2 of the Commissioner's memorandum No. 2378, dated 31st July 1886, is approved and sanctioned.

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"DEPARTMENT OF FINANCE AND COMMERCE.

SEPARATE REVENUE.

ASSESSED TAXES.

INCOME TAX.

*Simla, the 19th August 1886.*

No. 2633.—In exercise of the powers conferred by Section 38 of Act II. of 1886 (An Act for imposing a tax on income derived from sources other than agriculture), and in partial modification of the Notifications cited in the margin, the Governor-General in Council is pleased to rule that voluntary deposits in Railway Provident Funds and Savings Banks, which are held at the absolute disposal of the contributor or depositor, shall not be exempt from liability to assessment under the said Act.

*No. 1042, dated 5th March 1886.
†No. 1383, dated 14th June 1886.

(Signed) D. BARBOUR,
Secretary to the Government of India."

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No. 2537.

FINANCIAL DEPARTMENT.

Bombay Castle, 23rd August 1886.

Memorandum from the Commissioner, C. D., No. R.—3112, dated 20th July 1886—Submitting the following letter No. 4769, dated 16th idem, from the Collector of Poona:—

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* Republished at page 218 of Part I. of the *Bombay Government Gazette* dated 11th March 1886.
† Republished at page 531 of Part I. of the *Bombay Government Gazette* dated 24th June 1886.

"In the year 1878-79, Mahárs' service inám land was taken up for the Khadakvásla Lake and no land being available to be given in exchange for it, the amount of compensation settled at Rs. 12,500 was, under orders of Government, invested in Government securities, the interest thereon being paid annually to the officiators for the time being. * * * * *"

RESOLUTION.—The income derived from the securities referred to should be regarded as the income of the officiators among whom it is distributed, and as such is liable to assessment under Part III. of Schedule II. of the Act, subject to the provisos laid down in that Part.

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## No. 2573.

FINANCIAL DEPARTMENT.

Bombay Castle, 25th August 1886.

Letter from the Accountant General, No. P.—8819, dated 12th July 1886—Forwarding for the consideration of Government an opinion given by the Advocate General upon the question whether a Municipality is liable to Income Tax; and observing as follows:—

"2. It arose in connection with a payment made to the Bombay Municipality by the Collector of Bombay on account of Liquor License Fees. The non-deduction of tax was objected to by this office, and the Collector maintained that none was due. As the matter appeared doubtful, I applied to the Government Solicitor for his opinion, and he referred the matter to the Advocate General.

"3. Government will observe that the Advocate General regards the point as a doubtful one and I would, therefore, respectfully suggest that it may be referred to the Government of India for decision."

Letter from the Government of Bombay to the Government of India, No. 2192, dated 26th July 1886.

Letter from the Officiating Under Secretary to the Government of India, Department of Finance and Commerce, No. 2373, dated 6th August 1886:—

*Ante*, page 42.

"In reply to your letter No. 2192, dated the 26th July 1886, I am directed to refer you to Financial Notification No. 434, dated the 27th April 1886, exempting from liability to the tax under Act II., 1886, the income of local authorities as defined in Section (3), Clause 1 of the said Act."

RESOLUTION.—A copy of the letter from the Government of India should be forwarded to the Accountant General for information and guidance.

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## No. 2583.

FINANCIAL DEPARTMENT.

Bombay Castle, 25th August 1886.

Letter from the Officiating Under Secretary to the Government of India, Department of Finance and Commerce, No. 2521, dated 14th August 1886:—

*Ante*, page 71.

"In reply to your letter No. 2198, dated the 26th July 1886, I am directed to refer you to Financial Notification No. 1983, dated the 16th July 1886, from which it will be seen that the fee payable under the Court-Fees Act, 1870, on an application to a Collector with respect either to liability to assessment, or to the amount of an assessment under Act II. of 1886, has been reduced to one anna, and to state that in the opinion of the Government of India an absolute exemption of such applications from Court-fees is not desirable."

RESOLUTION.—Copies of the letter from the Government of India should be forwarded to the officers concerned for information and guidance. * * * * *

No. 2663.

FINANCIAL DEPARTMENT.

Bombay Castle, 1st September 1886.

Letter from the Chairman of the Managing Committee of the Bombay Uncovenanted Service Family Pension Fund, dated 8th May 1886—Stating that the attention of the Managing Committee of the Fund has been drawn to Government Resolution No. 996, dated 7th April 1886, deciding that subscriptions to Service Funds which are not deducted from salaries by the officers disbursing them cannot be exempted from the payment of Income Tax under Section 5 *(g)* of Act II. of 1886; observing that it is presumed that in issuing the Resolution referred to Government have overlooked the orders of the Government of India noted in the margin under which only subscribers entering the Fund *after* 9th September 1879 are compelled to pay their subscriptions by deductions from their allowances, whilst those admitted *before* the 9th September 1879 were allowed the option to pay their subscriptions direct to the Secretary in cash; and remarking as follows:—

No. 1869, dated 22nd July 1880.
No. 913, dated 31st May 1881.

"3. In bringing the above circumstance to notice, the Committee beg the favour of the Resolution being reconsidered by His Excellency the Governor in Council, and that subscribers of the Fund admitted before 9th September 1879, and who are allowed to pay their subscriptions direct to the Secretary, may be regarded in the same light as those who make payments to Insurance Companies.*

* Section 5 (*g*), Chapter II. of Act II. of 1886.

"4. The Committee beg to add that the effect of the Resolution No. 996, dated 7th April last, would be to compel subscribers admitted *before* 9th September 1879 to pay their subscriptions by deduction on their pay bills, which, the Committee beg to submit, was not the intention of the Government of India when recording the orders conveyed in their letters of 1880 and 1881.above quoted."

Letter from the Chairman of the Managing Committee of the Bombay Uncovenanted Service Family Pension Fund, dated 7th June 1886—Forwarding, in continuation of his letter dated 8th May last, for the consideration of Government, copy of a letter from a subscriber of the Life Assurance Branch of the Fund, requesting that payments of premia made by him to that Branch of the Fund may be exempted from the payment of the Income Tax.

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Letter from the Officiating Under Secretary to the Government of India, Department of Finance and Commerce, No. 2625, dated 19th August 1886:—

"In reply to your letter No. 2326, dated the 5th August 1886, I am directed to state that subscriptions paid in cash to the Bombay Uncovenanted Service Family Pension Fund may, on production of the receipt of the Fund, be deducted from the amount of salary liable to the tax under Act II. of 1886. A copy of the receipt should be also submitted to be retained with the salary bill."

RESOLUTION.—Copies of the letter from the Government of India should be forwarded to the Chairman of the Bombay Uncovenanted Service Family Pension Fund and the officers concerned for information and guidance.

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No. 2721.

FINANCIAL DEPARTMENT.

Bombay Castle, 8th September 1886.

Resolution of the Government of India, Department of Finance and Commerce, No. 2650, dated 21st August 1886:—

"Read—

Communication from the Public Works Department, No. 724-G., dated the 5th May 1886, forwarding for disposal a letter from the Examiner of Public Works Accounts, Mysore, enquiring whether Act II. of 1886 applies to British officers whose services have been lent to Native States.

Letter No. 991, dated 26th May 1886, to the Comptroller of India Treasuries and the Accountants General and the Comptrollers, Central Provinces and Assam, enquiring whether under the previous Income Tax Acts (1860 to 1872), the tax was deducted from the salaries of officers lent to and paid by Native States.

Letter from the Comptroller of India Treasuries, No. S.A.—294, dated the 28th May 1886, enquiring whether Major A. R. T. Macrae, who is 2nd-in-Command, Erinpoora Irregular Force, and engaged in Boundary Settlement, Merwar and Merwara border, and whose salary and allowances are paid entirely by the Native State, is liable to the tax under Act II of 1886.

Letter from the Accountant General, Punjab, No. 7507-T-M., dated the 5th June 1886, stating that the salaries of the officers lent to the Bhawalpur State were liable to the tax under the previous Income Tax Acts.

Letter from the Accountant General, Madras, No. 1645, dated the 7th June 1886, stating that, under the previous Income Tax Acts, tax was deducted from the salaries of officers lent to and paid by the Travancore State, and also from the salary of a Civilian who was paid by Government but whose salary was charged to the Court of Wards.

Letter from the Comptroller, Central Provinces, No. T.—1293, dated the 10th June 1886, stating that there is nothing on record in his office to show that the services of any officer in the Central Provinces were lent to and paid for by Native States during the period (1860-72) when the previous Income Tax Acts were in force.

Letter from the Accountant General, Bengal, No. T.C.—255, dated the 15th June 1886, stating that in Bengal no Income Tax was recovered under the previous Income Tax Acts from the salaries of officers lent to and paid by Native States.

Letter from the Comptroller, Assam, No. 4 T.—2646, dated the 14th June 1886, stating that Assam was not a separate Province when the previous Income Tax Acts were in force.

Letter from the Comptroller of India Treasuries, No. G.A.—390, dated the 24th June 1886, stating that officers lent to and paid by Native States were liable to the tax under the previous Income Tax Acts.

Letter from the Accountant General, Bombay, No. G.A.—8012, dated the 5th July 1886, stating that all the officers lent to and paid by Native States paid Income Tax under the previous Acts, with the exception of those paid by the Akalkot and Cutch States.

Letter from the Accountant General, North-Western Provinces and Oudh, No. T.A.D.I.—6434, dated the 17th July 1886, stating that no information is obtainable as to whether under the previous Income Tax Acts the tax was deducted from the salary of officers lent to and paid by Native States.

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"RESOLUTION.—The Governor General in Council is pleased to declare that the salaries of officers serving outside of British India whose services have been lent to, and whose salaries are paid by, Native States, are not liable to the tax leviable under Act II of 1886.

"ORDER.—Ordered, that a copy of the Resolution be forwarded to the Public Works Department, with reference to its communication No. 724-G., dated 5th May 1886, and to the other Departments of the Government of India; to all Local Governments and Administrations; and to all Accountants General and Comptrollers."

"RESOLUTION.—Copies of the Resolution of the Government of India should be forwarded to the officers concerned for information and guidance.

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No. 2782.

FINANCIAL DEPARTMENT

Bombay Castle, 11th September 1886.

Memorandum from the Commissioner, S. D., No. 2453, dated 27th August 1886—Submitting a letter No. 2682, dated 21st idem, from the Collector of Dhárwár, who requests that a clear decision of Government may be obtained on the point stated in paragraph 2 of Government Resolution No. 2398, dated 10th idem, regarding the liability to income tax of two members, each drawing a salary of Rs. 25, of an undivided Hindu family, which has no other source of income; and observes as follows :—

"2. Government have decided that the salary of each member of the undivided family should be treated separately for assessment purposes by the disbursing officer. Does this mean that although the joint salaries exceed Rs. 500 per annum each is exempt because it is less than the amount, or that because the joint salaries exceed Rs. 500, the tax is to be deducted from each separately by the disbursing officer if the Collector brings the circumstances to his notice?

"3. In the opinion expressed by Mr. Baines in Government Resolution No. 2352, dated 6th instant, the salary of Rs. 40 of the Pársi clerk referred to therein is not taxable as the recipient is a non-Hindu and the inference is that if he were a Hindu his salary would be taxable. But this opinion is conflicting with express orders contained in Government Resolutions Nos. 1846, dated 26th June 1886, and 2175 of 24th July 1886."

RESOLUTION.—The Collector should be informed that under the orders contained in Government Resolution No. 1846, dated 26th June 1886, the salaries of individual members of a Hindu undivided family should be treated separately and not lumped together in fixing the liability to assessment and that the tax should therefore not be deducted from the monthly salaries of Rs. 25 of each of the two members of the family which has no other income.

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No. 2804.

FINANCIAL DEPARTMENT.

Bombay Castle, 15th September 1886.

Memorandum from the Commissioner, N. D., No. 2658, dated 28th August 1886—Forwarding a letter No. 2168, dated 19th idem, from the Collector of Ahmedabad, together with one from the Collector of Income Tax, Ahmedabad, who states that there are certain gentlemen who are in enjoyment of inám villages in His Highness the Gáekwár's territory and other Native States, that their lands are occupied and tilled by cultivators of those villages and that the inámdárs simply collect the revenues either themselves or through their servants and after paying the necessary expenses bring the surplus money to the general purse; makes remarks; and solicits orders whether the inámdárs in question are liable to be assessed under the Income Tax Act of 1886: the Collector observes that the inámdárs referred to are liable to the tax for the rents drawn by them on account of lands in foreign territory: the Commissioner remarking as follows:—

"2. Government have clearly laid down in paragraph 4 of their Resolution No. 1167, dated 21st April last, that 'the whole income derived by a person residing in British India is liable to the tax inclusive of any portion which he may derive from his dealings in foreign territory,' so that the only ground for the exemption of the income in question from the tax is its connection with land. But Section 5 (1) (*a*) is so worded as to exempt only income from lands paying revenue to (the British) Government.'

Memorandum from Mr. J. A. Baines, C. S., on special duty for the purposes of the Income Tax Act, No. 88, dated 2nd September 1886—Observing that in his opinion the inámdárs in question are legally liable to be assessed to the Income Tax.

RESOLUTION.—The income received by Inámdárs residing in British India on account of their holdings situated in Native States is clearly liable to the tax.

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No. 2840.

FINANCIAL DEPARTMENT.

Bombay Castle, 17th September 1886.

Letter from the Officiating Under Secretary to the Government of India, Department of Finance and Commerce, No. 2860, dated 31st August 1886:—

"With reference to the Resolution of the Government of Bombay, No. 1927, dated the 5th July 1886, recorded in the Proceedings of that Government in the Financial Department for the month of July 1886, I am directed to invite attention to paragraph 2 (*a*) of this Department letter No. 958, dated the 22nd May 1886, from which it will be seen that the Accountant General, Public Works Department, has been directed to prepare one complete return in Form No. I. showing the realizations on account of income tax from officers serving in the Public Works Department in all Provinces, and that the return for the officers of the Public Works Department in each Province need not be furnished to Local Governments."

RESOLUTION.—Copies of the letter from the Government of India should be forwarded to the Examiner of Public Works Accounts and the Accountant General for information and guidance, with reference to Government Resolutions Nos. 1927, dated 5th July 1886, and 2463, dated 18th August 1886.

No. 2852.

FINANCIAL DEPARTMENT.

Bombay Castle, 20th September 1886.

Memorandum from the Commissioner, S. D., No. 2332, dated 16th August 1886—Submitting a letter No. 3195, dated 2nd idem, from the Collector of Kánara, who enquires whether the income derived from salt manufacture by the occupants of salt-pans is taxable under the Income Tax Act; observes that some of the owners of these pans have petitioned to him claiming exemption from the tax on the ground that they pay assessments to Government for the lands on which salt is manufactured; makes remarks; and adds that he is of opinion that occupants of salt-pans as such are entitled to exemption under Section 5 of the Act: the Commissioner concurring in the Collector's opinion.

Letter from the Collector of Kánara, No. 3734, dated 7th September 1886.

RESOLUTION.—The manufacture of salt cannot be termed a purely agricultural pursuit and the mere fact that the salt-pans are assessed to the land revenue furnishes no sufficient claim to exemption from income tax of the revenue derived therefrom. The Collector should be informed accordingly.

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No. 2853.

FINANCIAL DEPARTMENT.

Bombay Castle, 20th September 1886.

Memorandum from the Commissioner, C. D., No. R.—3660, dated 17th August 1886—Submitting the following letter No. 5349, dated 10th idem, from the Collector of Násik:—

"I have the honour to solicit instructions as to whether the agreements for composition of the income tax referred to in Rule 6 of the rules framed under Section 38 of the Income Tax Act require to be on stamped paper, and if so, whether they fall under Article 5 (clause *c*) of Schedule I. of the General Stamp Act I. of 1879. I think they do."

the Commissioner observing that he concurs with the Collector as to the necessity and amount of stamp required; and suggesting that as the point requires an authoritative decision the opinion of the Legal Remembrancer may be obtained.

Memorandum from the Remembrancer of Legal Affairs, No. 1172, dated 7th September, 1886:—

"The proper stamp-duty on an agreement for composition is, I think, eight annas under Article 5 (*c*) of Schedule I., Act I. of 1879, and a stamp of the same amount is requisite for the counterpart of the agreement under Article 23 of the schedule."

RESOLUTION.—Copies of the opinion of the Remembrancer of Legal Affairs should be forwarded to the Collector of Násik and the officers concerned for information and guidance.

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No. 2854.

FINANCIAL DEPARTMENT.

Bombay Castle, 20th September 1886.

Letter from Mr. J. A. Baines, C.S., on special duty for the purposes of the Income Tax Act, No. 65, dated 14th August 1886:—

"I have the honour to inquire whether the term 'Hindu' used in connection with 'undivided family' in the Income Tax Act should be taken to include all religious sects or bodies amongst whom inheritance and the partition of property are regulated by the school of Hindu law current in Western India?

"2. This is my own opinion, which was asked with reference to the Jains, but Government would probably prefer to have the question authoritatively settled by the Honourable Mr. Naylor."

Memorandum from the Remembrancer of Legal Affairs, No. 1171, dated 7th September 1886:—

"It would be a difficult task to define the term 'Hindu.' But there is good authority for saying that that term has always been held to include Jains (Bom. H. C. R. V., 185, O. C. J.) Much learned research has been brought to this question by Sir M. Westropp, Chief Justice, in his judgment in the case reported at Bom. H. C. R., X., 241—267, in which he has called Jains 'Hindu dissenters.' In that same judgment the learned Chief Justice said that the term 'Hindu,' when used in enactments, 'has always been largely and liberally construed' and remarked that even Sikhs had been held to be included in it.

"2. From the above authorities it is, I think, safe to conclude that heterodoxy from the ordinary Hindu doctrines, however wide, does not disqualify a person from being considered to be a Hindu; but if any doubt as to the interpretation of the word arises in practice, it had best be considered with reference to individual cases. A general reply to Mr. Baines' question is scarcely possible."

RESOLUTION.—A copy of the opinion of the Legal Remembrancer should be forwarded to Mr. Baines for information and guidance.

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No. 3004.

FINANCIAL DEPARTMENT.

Bombay Castle, 30th September 1886.

Letter from Mr. J. A. Baines, C. S., on special duty for the purposes of the Income Tax Act, No. 89, dated 2nd September 1886—Forwarding copy of a letter No. 7503, dated 28th August 1886, from the Collector of Khándesh, who requests with reference to Government Resolutions Nos. 1369 and 1846, dated 14th May and 26th June 1886, respectively, that he may be informed whether service allowances of all descriptions are to be taxed under Part IV. of the Income Tax Act; and observing as follows:—

"2. It appears to me that cash allowances of the nature of those mentioned in the preamble of the above-mentioned Resolution are undoubtedly 'income' to be treated under Part IV. of the Act, being of the nature of compensation or of political subsidy; but I am inclined to regard the ordinary cash allowances whether on account of service still exacted or of that with the performance of which Government has thought fit to dispense, as included in the terms of Part I. In the one case it is payment for services rendered in respect of an office or employment of profit, and in the second, it is of the nature of a hereditary pension for services formerly performed.

"3. When I was in Surat, Ráo Sáheb Anuprám explained to me in detail the case he referred to in his letter of the 8th May, printed in the preamble of Resolution No. 1846 of 26th June. I am of opinion that as these cash allowances are sometimes subdivided minutely amongst recipients often only distantly connected with each other in ordinary life, it would be better for Government to tax the item in the lump, as paid to the person whose name is on the list, and fix the rate of the tax irrespective of other income. The cases in which the 'proportionate' share of an assessee would bring his total income over Rs. 2,000 per annum are not likely to be sufficiently numerous to compensate for the trouble of making inquiries or passing a general rule enjoining such investigation. If the allowance be rateable, the tax deducted will be distributed by the recipient over the total number of shares, as would be the case with the interest on Government securities."

Memorandum from the Remembrancer of Legal Affairs, No. 1220, dated 18th September 1886:—

"The income received for his services by an officiator in an hereditary office is, I think, salary and as such is taxable under Part I.

"2. The legal definition of the word 'pension' is 'an allowance made to any one without an equivalent.' The term, therefore, includes not only the payments to retired or invalided servants to which it is commonly applied, but also all cash allowances paid either by the bounty of Government or by way of compensation or otherwise howsoever, for which the State receives no equivalent. Thus the surplus profits of service watans and all cash allowances of the above description are, in my opinion, liable to be taxed under Part I. unless they fall under some express exemption."

RESOLUTION.—The views expressed in paragraphs 2 and 3 of Mr. Baines' letter are approved.

No. 3075.

FINANCIAL DEPARTMENT.

Bombay Castle, 9th October 1886.

Memorandum from the Commissioner, N. D., No. 2849, dated 16th September 1886—Forwarding one, No. 2304, dated 3rd idem, from the Collector of Ahmedabad, who submits a letter from the Collector of Income Tax, Ahmedabad, enquiring whether the money got by transfer of occupancy right over land by its holder (inámdár or otherwise) is liable to the Income Tax; stating that a case has lately occurred in the Daskroi Táluka in which a Sayad of Batva, an inámdár, has got the occupancy right over a portion of his land transferred to a Mr. Navroji Pestanji on his obtaining a sum of Rs. 5,000 from the latter; and observing that this case does not fall under any of the exemptions under Section 5 of Act II. of 1886, and that it is probable that on further enquiry such cases would be brought to light: the Collector observes that it appears to him that there is no more reason why the amount in question should be exempted from the tax than if it was the price of a house; and adds that the analogy of Government Resolution No. 914, dated 31st March 1886, also tends this way, as no local cess or land revenue is paid on the amount of Rs. 5,000: the Commissioner observing as follows:—

"2. The Acting Commissioner does not think that when property is occasionally sold in this way the amount realized, or any portion of it, can be assessed to the tax. The profits, however, of a person whose business is to speculate in land will, of course, be assessed in the usual way."

Memorandum from Mr. J. A. Baines, C.S., on special duty for the purposes of the Income Tax Act, No. 109, dated 30th September 1886:—

"Forwarded to Government. The undersigned is of opinion that the transfer in question was unconnected with agriculture and is not therefore affected by Section 5 of the Act. The consideration received seems to be income in the same way as marriage-gifts are, so the tax should be assessed on the amount of purchase money received."

RESOLUTION.—Mr. Baines' views are approved.

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No. 3172.

FINANCIAL DEPARTMENT.

Bombay Castle, 19th October 1886.

Memorandum from the Commissioner, C. D., No. R.—4450, dated 1st October 1886—Submitting a letter No. 6272, dated 27th September 1886, from the Collector of Násik, who states that under Section 8 of the Income Tax Act salary, annuity, pension and gratuities are subject to deductions on account of Income Tax at the time of payment, and that as these items are included under Part I. of Schedule II. of the Act they must be excluded from Part IV.; observes that Government Resolutions Nos. 1369 and 1846, dated 14th May and 26th June 1886, respectively, clearly state that pensions and grants or cash allowances are liable to the tax under Part IV. and not under Part I. of the 2nd Schedule; remarks that if it is intended to rule that pensions and grants or cash allowances fall under Part IV. there arises the question as to what class of pensions, &c., come under Part I.; requests instructions as to the class of pensions or cash allowances if any which should be dealt with under Part IV. as distinguished from those taxable under Part I.; and adds as follows:—

"3. I may mention that I have deducted at the time of payment the tax from sums paid on account of amals to the Pant Sachiv under Section 8 of the Act; early orders are therefore solicited."

the Commissioner observing as follows:—

"2. The pensions and grant referred to in Government Resolution No. 1369 (Financial Department), dated 14th May last, are distinct from those mentioned in Part I. of Schedule II. These latter apparently refer to pensions, &c., granted under the Civil Pension Code.

"3. The deductions referred to in the last paragraph of the Collector's letter should not have been made pending receipt of the orders of Government in the Political Department, not yet issued, as to the allowances which should be held to be exempt from the operation of the Act."

RESOLUTION.—The Collector of Násik should be referred to the orders issued in Government Resolution No. 3004, dated 30th ultimo.

2. Extract paragraph 3 of the Collector's letter should be communicated to the Political Department for orders with reference to paragraph 1 of Government Resolution No. 1369, dated 14th May 1886.

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## DEPARTMENT OF FINANCE AND COMMERCE.

SEPARATE REVENUE.

ASSESSED TAXES.

INCOME TAX.

*Simla, the 29th October 1886.*

No. 3920.—In exercise of the power conferred on him by section 38 of Act II. of 1886, His Excellency the Governor-General in Council is pleased to rule that a capital sum paid in commutation of the whole or a portion of a pension is not liable to tax under the said Act.

ORDER.—Ordered, that this Resolution be communicated to the Military Department, with reference to its office memorandum No. 1490-B., dated the 15th October 1886; to the other Departments of the Government of India; to all Local Governments and Administrations, and to all Accountants-General and Comptrollers.

(Signed) J. F. FINLAY,
Officiating Secretary to the Govt. of India.

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## LIST OF FORMS UNDER THE INCOME TAX ACT (II OF 1886).

SANCTIONED FOR USE IN THE BOMBAY PRESIDENCY, 1886-87.

A.—Assessment Note-book.

I.—General Register of Assessments and Collections.

II.—Register of realisations from Salaries:

*Part* (*a*) Government officials (kept by Accountant General only.)
„ (*b*) Officials under local authorities.
„ (*c*) Employés under companies and private persons, *paying in person.*
„ (*d*) do. do. *tax paid by employers.*

*III.—Classified day-book of receipts and refunds.

IV.—Classified abstract of collections and balances (*Government of India's Return III.*)

V.—(In abeyance).*

VI.—Receipt under Section 32 of the Act.

VII.—List of assessees under Section 16 (accompaniment to ditto Schedule III of the Act.)

VIII.—Notice under Section 18, 1 (*b*).

IX.—Return furnished under Section 18, 1 (*b.*)

X.—Notice of assessment under Section 17.

* Register of Revised asessments and refunds.



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XI.—Notice to local authorities to collect tax from their employés under Section 8.

XII.—Notice to local authorities and companies to send in list of their employés under Section 10.

XIII.—Notice to companies to send statement of nett profits under Section 11.

XIV.—Notice to companies to produce their accounts for inspection under Section 12.

XV.—Certificate of place of business, Section 47.

XVI.—Certificate of income under Schedule II, Part III, (*public securities*).

XVII.—Notice to house-owners or occupants, and to employers, to return list of their lodgers or employés under Section 41.

XVIII.—Notice to guardians to return list of their wards under Section 42.

XIX.—Notice to guardians to return the income under Part IV of their wards.

XX.—Notice of date of hearing application for revision under Section 26.

XXI.—Summons to witness under Section 28.

XXII.—Order passed on revision, and notice in connection therewith.

XXIII.—Delivery-Register of notices under Section 17.

XXIV.—Register of issue of miscellaneous notices.

XXV.—Delivery-Register of miscellaneous notices.

XXVI.—Application for refund of tax on salary.

XXVII.—Certificate of exemption of tax on salary.

XXVIII.—Notice to tax salaries in consideration of other income.

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NOTE.—Of the above Nos. II, and XI to XVI have been prepared in English only; No. VIII in English and Kánarese only, and Nos. XXIII to XXV in the three vernaculars only, not in English. Nos. I and III are in diglott, Kánarese and Maráthi, and English and Gujaráti.

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